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U.S. DEPARTMENT OF AGRICULTURE'S DISASTER
ASSISTANCE FOR SPECIALTY CROPS

Y 4. AG 8/1:103-51

U.S. Department of Agriculture's Di...

HEARING

BEFORE THE

SUBCOMMITTEE ON SPECIALTY CROPS
AND NATURAL RESOURCES

OF THE

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

NOVEMBER 16, 1993

Serial No. 103-51



JUL 19 1994

Printed for the use of the Committee on Agriculture

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U.S. DEPARTMENT OF AGRICULTURE'S DISASTER ASSISTANCE FOR SPECIALTY CROPS

TUESDAY, NOVEMBER 16, 1993

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON SPECIALTY CROPS
AND NATURAL RESOURCES,
COMMITTEE ON AGRICULTURE,
Washington, DC.

The subcommittee met, pursuant to call, at 3:15 p.m., in room 1302, Longworth House Office Building, Hon. Karen Thurman, acting chairman, presiding.

Present: Representatives Thurman, Minge, Pomeroy, Peterson, Lewis, Kingston, and Goodlatte.

Also present: Representatives E (Kika) de la Garza, chairman of the committee; Representative Nussle, member of the committee; and Representatives Deutsch and Mink.

Staff present: John E. Hogan, minority counsel; Glenda L. Temple, clerk; Keith Pitts and Stacy Carey.

Mrs. THURMAN [acting chairman]. I will call the subcommittee to order. However, we know that everybody is on a busy schedule so we want to get started. We would like to start with the Honorable Patsy Mink from Hawaii.

STATEMENT OF HON. PATSY T. MINK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF HAWAII

Mrs. MINK. Thank you very much. I appreciate very much the opportunity to testify on the hearing that you have called. I compliment you for calling it on the Department of Agriculture's program in relation to specialty crops.

May I ask that my entire testimony be put in the record.

Mrs. THURMAN. Without objection, that will be done.

Mrs. MINK. This subject of crop disaster is of great significance to my State and district which, as you know, experienced the devastating effects of Hurricane Iniki last year, in 1992.

Our experience shows that the crop disaster program is inadequate to meet the needs of specialty crop producers following a disaster.

It is my hope that this hearing today will lead to improvements in the program and necessary changes in the law, so that farmers of specialty crops in any area of the country will not have to endure the agony and frustration, as we have, of trying to work with a system that is not designed to accommodate the circumstances of specialty crops.

The Island of Kauai, which was completely devastated by Hurricane Iniki, is a rural and primarily agrarian community. While sugarcane accounts for the largest acreage on the island, a move toward diversified agriculture in recent years has increased Kauai's production of taro, papaya, avocado, coffee, macadamia nuts, bananas, cut flowers, nursery products, and other specialty items.

However, it was these victims of Hurricane Iniki who experienced the greatest difficulty in obtaining disaster assistance. This was largely due to the fact that the crop disaster program is designed for seasonal crops and the assistance provided is based on losses in a calendar year. It does not accommodate the circumstances of year-round and tropical crops. It insists that something magical happens on December 31, which changes the tropical fruit into pumpkin.

Shortly after Kauai was hit by Hurricane Iniki, Congress provided supplemental appropriations of \$482 million for the crops losses as a result of Hurricanes Iniki, Andrew, and Typhoon Omar in Public Law 102-368. These funds distributed in accordance with the crop disaster program as outlined in the 1990 farm bill, meant that only farmers with crop losses which occurred in the calendar year 1992—the year of disasters—would be eligible for assistance. So our farmers could not get what they deserved for losses in 1992, 1993, and 1994.

In addition, farmers had to experience a loss of 40 percent of their crops in 1992. Because the hurricane did not hit until September of that year, most Kauai farmers did not have a 40 percent crop loss for that year.

Simply put, my farmers on the Island of Kauai could not qualify.

Through the combined efforts of the Hawaii and Florida Congressional Delegations, we were able to add language in H.R. 2118, a 1993 supplemental appropriations bill, to allow farmers impacted by Hurricanes Andrew, Iniki, and Typhoon Omar to be eligible for crop disaster assistance in crop years 1993, 1994, and 1995—Public Law 103-50. This legislation was signed into law on July 2, 1993 and the deadline set for applications was August 1, 1993.

However, even following the passage of this legislation, Kauai farmers continued to experience difficulty in applying for and receiving crop disaster assistance, mostly due to administrative actions within the Department of Agriculture rather than legislative barriers.

The farmers were instructed by the ASCS that they could not apply for compensation for crop losses in 1993, 1994, or 1995 unless they experienced 100 percent crop losses in each of those years. There was no legislative basis for this policy. When contacted by my office, the ASCS office stated that farmers should be able to receive assistance for partial losses, not just 100 percent losses. The matter was cleared up after much back and forth, and the deadline for application was extended to September 17, 1993. Nevertheless, this confusion caused great anguish among the farmers who believed that once again the program had cut them out and they are very disillusioned.

Most recently the Department of Agriculture issued a policy which denies compensation for crop losses in 1993, 1994, and 1995 for losses which occurred because of dead trees. This has virtually

eliminated payments to papaya farmers on the Island of Kauai. While they received some payments for crop losses in 1992, if this policy is allowed to stand, they will receive no compensation for the loss of the young trees which would have bore fruit in future years. Somehow a papaya tree in the books of the Department has the life of only 1 year, ending December 31.

I have with me today the head of the disaster program for farmers on the Island of Kauai. With your permission, I would like to ask him to give his testimony now following mine since this would more appropriately fit in in the line of questioning.

I hope he would be able as a farmer and as a head of the organized efforts on Kauai to respond more directly to your inquiries. With your permission, I would like at this time to ask Michael Strong from the Island of Kauai, who heads up the farm effort on that island to testify.

[The prepared statement of Mrs. Mink appears at the conclusion of the hearing.]

Mrs. THURMAN. Mr. Strong, you are recognized for 5 minutes.

STATEMENT OF MICHAEL STRONG, CHAIRMAN, DISASTER RELIEF COMMITTEE, KAUAI COUNTY FARM BUREAU

Mr. STRONG. Thank you, Madam Chairman and members of the subcommittee for giving me this opportunity to give my testimony on the problems that we have had with the USDA disaster relief programs.

As you know, the hurricane devastated the agricultural endeavors on the Island of Kauai. Because of the time limitations, I will go directly to the main problem that was experienced by growers that is an ongoing situation, and we hope for some relief now, which is that the farmers were completely devastated and can expect no income from any crops for 1993 and in many cases no income from crops for 1994 and 1995.

The disaster crop assistance program was to relieve farmers by supplementing their income with payments for crop losses experienced. Now, the bill that was passed, the 1990 farm bill, only gave money for crop losses that occurred in the year of the disaster, that is in 1992.

The nature of our crops in Kauai is mostly perennial. That is they are harvested once a week throughout the year, which meant by September, 75 percent of those crops had been picked. You need a minimum of a 40 percent loss to qualify under this program, which meant that farmers of these crops were to receive no compensation whatsoever for 1992.

Since there was no provision in the law for the following years, that meant these growers were to receive no money.

To give you an example of how the program worked was a farmer of 21 acres of papaya that were beginning to produce fruit in September when they were all killed by the hurricane. The first year's production from this orchard would have been 1 million pounds. He received \$2,400 in crop disaster assistance payments for a crop that had a value of \$350,000 for that one year. That comes out to 20 cents a papaya tree or the price of one half pound of fruit. Clearly this wasn't going to be adequate for our farmers.

The total amount of money paid out for all farmers for all crops on the Island of Kauai was \$115,000. Clearly this was an inadequate program that did not match the way that the crops are grown on the Island of Kauai.

After the passage of the law, Public Law 103-50, the growers expected to receive income for their losses in 1993, 1994, and 1995. We were stunned when we found out that a positive decision was made to not pay growers for dead trees. The papaya trees were 100 percent killed by the hurricane. That meant the same growers who received no money in 1992 because he picked for three-quarters, was also going to receive no money for 1993, 1994, and 1995 because his trees had been killed.

An example of this is some growers are going to be paid for whatever fruit was on the tree at the time of the hurricane, which amounts to 2 months of payment at the beginning of 1993. This would amount in most cases to 1 percent of the value of the crop that is on the tree.

That is one of the major problems facing us right now.

As we speak, the last information is being updated and uploaded to Kansas City for the final payment on this program leaving out the growers that the program was designed to assist. We worked closely with Senator Inouye and Congresswoman Mink.

Our intent was to help the growers and now it looks like we might end up with the same amount of money that we had the first time out.

The second aspect of the program that is totally inadequate is that the crop year starts at the beginning of the calendar year. That means that growers that were not paid because they had picked three-quarters of their crop for that year are also not going to get paid for the last quarter of 1992.

Then if they begin picking a little fruit like bananas and papayas in the last quarter of 1993, they will miss their last quarter of 1992, they will also not get anything in 1993 deducted from their overall production, meaning that they only get paid for 6 months.

We request the USDA be directed to pay for production from dead trees and that the crop year be calculated to start the day after the hurricane, and that there be a guarantee that the factor which all claims are multiplied by remains 50 percent by law.

Thank you.

[The prepared statement of Mr. Strong appears at the conclusion of the hearing.]

Mrs. THURMAN. Before we go to questions, Representative Lewis has an opening statement which I failed to ask him to give. We also have Representative Deutsch who is from Florida.

OPENING STATEMENT OF HON. TOM LEWIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. LEWIS. Thank you, Madam Chair. I would like to personally thank the chairman of the subcommittee for scheduling today's hearing. I would like to also thank each of the witnesses today for taking the time to travel to Washington this afternoon, particularly Mr. Strong.

Many of you went to great expense to share your insight and knowledge with this subcommittee and we appreciate it. The pur-

pose of today's hearing is to review the effect of current Federal disaster assistance programs on specialty crops. Most of today's testimony will be regional focusing on the nursery, lime, avocado, and aquaculture industries damaged by Hurricane Andrew in Florida. For Hawaii, the focus is on sugarcane, macadamia nuts, coffee, bananas, guavas, and mangoes. More recently the Midwest nursery industry has experienced damage due to this year's flooding.

The lesson that many of us in Congress learned as we tried to pick up the pieces for our agricultural industries devastated by natural disaster was that many of the Federal disaster assistance programs simply do not work well enough for these specialty crops.

Hurricane Andrew destroyed \$145 million in nursery crops and close to 43 million dollars' worth of damage for the tropical fruit industry. After Hurricane Andrew, I began to attempt to identify agricultural disaster assistance programs to help us rebuild agriculture in south Florida. Much to my surprise, most agricultural disaster assistance programs were unavailable to growers for various reasons.

The battles that ensued to obtain adequate assistance were fought on both the legislative and political fronts. Many were resolved but some are still being fought today, a year after Hurricane Andrew.

Representative Mink pointed out about the 100 percent and 50 percent cost. We had the same problem not only in Florida, but elsewhere in the United States.

For instance, the tree assistance program designed to help growers replant and rehabilitate crops was initially unavailable to Florida growers because the program did not cover hurricane losses. Most of Florida's growers still remain ineligible for any program assistance due to a \$2 million gross sales cap that prevents most growers from receiving any disaster benefit. For the past year, the nursery industry has not received fence restoration assistance under the emergency conservation program because their fencing has not met the farm bill standard for livestock fence. Although this specific situation was corrected in the June spring supplemental, the Department has yet to release ECP funding.

Agriculture in south Florida is different. Many of our specialty crops do not fit your typical definition of an agricultural crop. Most operations are not family farms. Most are high scale, large inventory operations that produce efficiently on small acreage. High gross sales do not necessarily reflect a high profit to a grower. Further, many people are not aware that the lime harvest continues throughout the entire year. Unfortunately, these unique characteristics have worked against these industries when they needed the help the most. This is as equally true of Hawaiian crops.

While the Department of Agriculture is to be commended for extension of deadlines and attempts to address the concerns of specialty crops, USDA is also a part of the problem.

Where the Florida delegation worked in good faith to successfully address necessary concerns legislatively, the Department was responsible for erecting barriers refusing to take administrative action within the Secretary of Agriculture's discretion. More importantly, as is the case with emergency conservation funding for

chain link fences, although a legislative remedy was passed in July, the Department has yet to release this funding.

Even more perplexing, was the Department's determination to reverse a long-standing policy against making disaster payments on quality issues. The Department released excess disaster assistance funding intended for the hurricanes and typhoon to make payments on quality losses for corn. While many of us in Congress were concerned about these quality losses, the Department's action was clearly carried out at the expense of producers who suffered damage due to Hurricanes Andrew, Iniki, and Typhoon Omar and received only 50 cents on the dollar. Instead of making an additional payment to producers who sustained losses due to natural disaster, excess funding was released for quality losses.

When 25 of my House and Senate colleagues brought this concern to the attention of Secretary Espy back in June, we received a pitiful response informing us that we were out of luck.

It has come to my attention that a number of problems are surfacing for Iowa's nursery industry concerning disaster assistance for the Midwest flooding. For example, I understand that flooded nurseries, unlike nurseries destroyed by hurricanes, are not eligible for assistance under the tree assistance program.

Let me make it very clear these problems have existed throughout both administrations. This is not a partisan issue, but an issue of responsiveness. Regardless of the disaster or the State, the situation clearly illustrates the inconsistencies in disaster assistance programs for specialty crops.

I am hopeful we can clarify some of these issues and discuss solutions to these very critical problems.

We are still trying to get these problems resolved. Representative Mink has the same problem in Hawaii. We still have these same problems in the Midwest. I think it is high time that we have a universal system. If we are going to have disaster assistance, let's fix these problems or let's stay away from it completely.

Thank you.

Mrs. THURMAN. Thank you. I believe part of the reason for these hearings is because of exactly what has happened and it is to get something into the record so that when we go into negotiations in the next couple of years, that we will have this kind of testimony available to us with the record to be able to try to clear up some of these issues.

Mr. Lewis.

Mr. LEWIS. I would like to commend Congresswoman Mink and Mr. Strong for coming before us to show that this is not a one-sided argument. This is the situation that cuts across all of us in our congressional district and it is most important that these things be taken care of.

I guess it is down right criminal when you start thinking about one commodity receiving a 100 percent payment and other commodities receiving a 50 percent factored payment in a disaster situation. It should be 100 percent for everybody or 50 percent for everybody. At least they should know that. They are living under false apprehensions.

Hawaiian crops certainly parallel some of the crops in Florida. I believe it is high time that this went on the record and we started

working with the Department of Agriculture in order to get this situation moving. So I thank Congresswoman Mink for coming forward and also Mr. Strong.

Mrs. MINK. May I just make a comment at least in concluding that my feeling is, rather than struggling to try to get administrative changes within the U.S. Department of Agriculture, that perhaps the Congress might consider legislative solutions to this problem.

Perhaps we can legislate to correct some of these obvious deficiencies such as the equity question rather than rely upon the administrative agency, upon the occurrence of each hurricane, to be able to make and adjust these requests.

If we could correct it legislatively, it would seem to me to be the most appropriate and equitable thing to do. Certainly it would be timely, I think, and appropriate for legislation to be constructed which would say that the crop year should begin from the day of the hurricane and not make your assessments as to the claims based upon the year that has already been spent before the hurricane occurred.

Then because in our case in Kauai the hurricane hit in the fall, which then rendered the farmers there completely ineligible. Certainly that can be corrected by legislation. The dead tree issue is something that can be specifically corrected and amended by legislation.

For our specialty crops, which grow in our kind of geographical areas, that produce fruits year after year, there are certainly ways in which the economic loss can be measured and the farmers can be put back reasonably to a condition where they can continue in their business.

It is tragic that the loss disaster provisions for the farmers have been showed to be inadequate. The farmers furthermore, when the hurricane hit, thought they could walk in and perhaps get some assistance from the Small Business Administration. They found out they were ineligible there. If we are not going to get relief from EDA, SBA, and FEMA and the rest of these agencies that have been constructed to help all people in America, we have to look to the farm agency, which is the Department of Agriculture, to pay specific attention and care and be aware of the variety of crops that are produced in this country. Everybody cannot live under the same regulations.

We are different in terms of our geography and the kinds of crops that we produce. So rather than wait for another hurricane, another disaster, it seems to me to be appropriate for this committee to consider the necessity of moving forward with legislation, not wait for an appropriation bill or a supplemental bill to treat it in terms of the monetary aspects, but in the authorizing legislation to come up with language that would meet the specific needs in both of our areas.

I think that is really what Mr. Strong is here today to testify on behalf of, and what I would certainly support if it came out of this committee.

Mrs. THURMAN. We thank you both very much for being here and we look forward to working with you.

Mr. LEWIS. Maybe Congresswoman Mink would like to join us for the hearing if she could.

Mrs. MINK. I would like that very much.

Mrs. THURMAN. Please, do join us.

On our second panel we have Mr. Weber, the Acting Administrator of Agricultural Stabilization and Conservation Service, U.S. Department of Agriculture. Mr. Weber, welcome.

STATEMENT OF BRUCE R. WEBER, ACTING ASSOCIATE ADMINISTRATOR, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE, ACCOMPANIED BY ROBERT STEPHENSON, DEPUTY DIRECTOR, CONSERVATION AND ENVIRONMENTAL PROTECTION DIVISION, AND DIANE SHARP, BRANCH CHIEF, PRODUCTION ADJUSTMENT BRANCH

Mr. WEBER. Thank you, Madam Chairman. Madam Chairman and members of subcommittee, I am pleased to testify today on how the ASCS and the Commodity Credit Corporation administer the disaster assistance programs in the case of citrus fruits, nursery crops, and trees, particularly those losses suffered due to a natural disaster in 1992.

I will not read my entire statement. I presume it will be a part of the record.

Mrs. THURMAN. Without objection.

Mr. WEBER. Let's move on to how we administer the disaster assistance programs for citrus fruits, nursery crops, and trees.

I will discuss the crop-loss benefits first, and then conclude with a brief description of cost-share assistance for producers who replace or rehabilitate orchards and forest-crop trees.

In the case of citrus fruits, we determine a producer's historical marketings or production for different markets, such as fresh and juice markets. We then calculate expected and actual production for each market. Secondary market provisions apply if the producer has a history of selling in one market, such as the fresh fruit market, but because of the fruit's quality, the producer is forced to sell in another market, such as the processed market.

In such case, the value of the excess fruit sold into the secondary market is deducted from the payment the producer receives for eligible losses in the primary market.

We have also included an example with regard to how that works. With regard to nursery crops that include plants, trees, and shrubs that are container grown or for sale as transplants, producers of nursery crops intended for sale in a particular disaster year are eligible for crop-loss assistance if all other eligibility requirements are met.

As has been mentioned earlier, we do have those set up on a calendar year basis. They are not set up as was suggested for the year to begin after the disaster had occurred. Such crops are not eligible if they were not for sale in the applicable disaster year.

Owners of nursery trees and plants that were destroyed, regardless of when they were intended for sale, may be eligible for the tree assistance program [TAP] cost-share benefits if the producer chooses to replace or rehabilitate such trees or plants. I will discuss TAP in a little more detail later.

As you know, many nursery crops come in containers. A nursery crop may come in different container sizes, each carrying a different price. Also, similar nursery crops having the same container sizes may carry similar prices and they may have different prices.

Clearly, there is a large variety of plants, container sizes, and prices. Because of this, we have attempted to standardize the common units of production to determine expected and actual production in determining if eligible losses have occurred.

Our State ASCS committees, with assistance from the nursery industry, divide nursery crops into groupings containing species with like value, yield, and hardiness, the groupings containing individual species that cannot be grouped with other species. Rates are determined for each of the 5 years before the disaster year by grouping.

Once a standard unit is determined, expected production is calculated as the average of the actual units sold through the previous 3 years. Actual production in standard units is compared to this amount to determine if the 40 percent loss threshold has been met. We have been handling nursery crop losses for 1993, 1994, and 1995, when such losses are due to Hurricanes Andrew and Iniki or Typhoon Omar, somewhat differently from the procedures just described.

In general, nursery crop losses are determined by calculating one loss for the crop years 1993 through 1995. To do this, our county ASCS committees determine what was on hand before the disaster and what was remaining after the disaster.

The difference between the two inventories is what was destroyed by the disaster, that is, the loss. The loss exceeding 40 percent is considered an eligible loss. We use the crop-loss payment rate we established for 1992 losses to calculate a gross payment.

Payment limitations are applied for each year separately by determining the production loss that would have been sold in each year 1993 through 1995. The committee makes this determination based on consideration such as types of plants in the nursery's history of sales.

Finally, we will adjust the claimed payments by factors set forth as has been mentioned earlier by Public Law 103-50. Production losses associated with trees damaged, stunted, or killed by Hurricanes Andrew and Iniki, and Typhoon Omar are treated under the same rules as applied to losses for crops in general.

Under Public Law 101-624 producers' production losses are determined based on the expected production of the year compared to the actual production of the crop for the year.

This approach is consistent with our policy that the expected production for damaged trees is less than the expected production prior to the disaster.

Beginning with the implementation of the 1988 disaster program, CCC determined that if trees were destroyed, the loss of production would be eligible for crop-loss assistance only in the year the trees were killed. We do not believe the basis exists for making crop-loss benefits available for losses from trees that were not capable of producing.

Now, let me point out that many producers in Florida and Hawaii had harvested their 1992 crops before the hurricane struck, so

no 1992 loss occurred. However, the trees were budding or blooming for 1993 production.

Because the expected production for 1993 was destroyed, we will consider this as an eligible 1993 loss, and will make crop-loss payments under the terms of Public Law 103-50 for 1993.

The expected production for 1994 and 1995 is zero. Therefore, there, will be no disaster payments for these years.

In years prior to 1992, trees have been destroyed by freezes in California, Florida, and Texas by Hurricane Hugo in South Carolina, and other natural disasters. The December freeze in 1990 in California destroyed 70 percent of the citrus trees that were 5 years old or younger. Nevertheless, the policy has remained unchanged since 1988.

The tree assistance program provides cost-share payments to owners who incurred orchard tree, forest seedling, and nursery inventory tree losses in 1992 due to hurricane, typhoon, freeze, drought, earthquake, or related conditions.

Payments are being provided for the amount of loss on each individual mortal stand that exceeds 35 percent of the stand, adjusted for normal mortality. Payments will provide 65 percent of the cost to replant or rehabilitate that portion of the loss that exceeds 35 percent, plus normal mortality.

Payments are only authorized for eligible owners who actually replant or rehabilitate eligible trees or nursery inventory. To qualify, orchard owners must own not more than 500 acres of orchard trees, and forest tree seedling owners not more than 1,000 acres of forest trees. No such limitation applies to nursery inventory losses.

Finally, the owner of a given type of nursery tree or plant may be eligible for benefits under both TAP and the crop-loss assistance program. However, the producer may receive benefits on the given nursery tree or plant only for one program, not both.

Madam Chairman, this concludes my statement. I would be happy to respond to any questions. I brought two other people along with me to help respond to the comments. I would like them to come up to the table. Ms. Diane Sharp, who is the Production Adjustment Branch Chief and deals with the disaster programs, and Mr. Robert Stephenson, Deputy Director of the Conservation and Environmental Protection Division, ASCS. He deals with TAP and the ECP programs.

[The prepared statement of Mr. Weber appears at the conclusion of the hearing.]

Mrs. THURMAN. Since we started, we have had our chairman of the full committee come in. Mr. Chairman, we welcome you and ask if you have any opening statement or any questions that you would like to ask.

The CHAIRMAN. Thank you very much. I came briefly to express my appreciation to the subcommittee for meeting on this very important issue and that we may get from the administration the situation from their perspective.

We would like to get it together so we can get some help to the people—I can't say it in a timely fashion anymore—we are just talking about help.

Thank you.

Mrs. THURMAN. Thank you, Mr. Chairman.

Mr. Lewis.

Mr. LEWIS. Mr. Weber, there are a lot of complicated issues involved with statutes and law, but we seem to have a disaster program that is very complicated. Maybe it is not to you and members of the Department, but it certainly is a complicated issue when you are an individual who has been affected by a disaster.

With all of the statements about, well, we will take care of it no matter what your production is, the quality and things of this nature, growers don't want to hear that. All they know is they lost what could be their livelihood.

In Dade County when we lost the trees, we got into a real taffy pull with the Department to find out why the disaster doesn't cover the lime trees under the tree assistance program even though changes were made in the system to allow this to take place.

There are other areas of tree losses which producers were sustained 100 percent of the tree loss if they present evidence that they intend to continue an orchard crop as accepted by the COC.

Given your position with USDA, what do you think needs to be done to streamline our disaster program? Either we have one that works or we get rid of it entirely.

Too often sitting on this committee I have seen situations where it looks like favoritism is being played. I realize this is not happening, but the favoritism did play when the legislation was written.

I often wonder why the Department doesn't come back and say this should be flattened out so it is more fair across the board. Could you respond to some of my comments?

Mr. WEBER. Mr. Lewis, I totally agree with you that our programs are very confusing. The statutory authority itself is very confusing. I would be the first to agree with you that it needs to be looked at and needs to be made less confusing.

The Secretary is looking at reforming Federal crop insurance to somehow try to get away from the dual programs that we have been confronted with over the last 7 years, the ad hoc disaster. However, that program will be coming forward very soon.

That will be a part of the process in trying to decide what best can be done with regard to disaster.

But it was obvious to me as I visited Florida and saw the devastation and looked at the kinds of production that they have down there, the same in Hawaii, that our disaster programs certainly were not written to accommodate those situations very well, and that it would seem to me very appropriate that we should work toward making some changes as we look down the road on disaster programs.

Mr. LEWIS. Does the Secretary have a suggested list? You say he is trying to streamline it. Do you have a suggested list you might be bringing before this subcommittee from the Department in order to flatten this out, or are we going to negotiate every time we have a disaster, go through the statutes which are very complicated and in essence hide behind them?

Mr. WEBER. The Secretary is developing a program that he will be coming forward with on reforming Federal crop insurance. We have talked with the industry and met with all interested folks so that the recommendation coming forward we hope will be more streamlined and more acceptable to the farm community.

As far as a particular set of changes to flatten out, as you talk about it, I am not aware that they have necessarily been put together at this point.

Mr. LEWIS. One last question, Madam Chairman. Why has it taken so long to release the ECP funding for nursery fences?

Mr. WEBER. It is my understanding that we have released those funds now. I will admit they have only been released in the last few days. One of the things that we run into when those funds are reauthorized, we almost always wait for OMB to release those funds. That takes a period of time. I might have Mr. Stephenson respond further with regard to the length of time it has taken.

Mr. STEPHENSON. Mr. Lewis, I think we released the funds about November 5 to Florida. One of the concerns that we had was, given the workload in the county, we wanted to make sure that they had an opportunity to meet some of their deadlines with respect to commodity disaster and obligating funds under the emergency conservation program prior to the end of the fiscal year.

That is one of the primary reasons that we did not immediately release the money. It was released about November 5.

Mr. LEWIS. I hope so. Our county folks have not received notification that funds have been released.

Thank you, Madam Chairman.

Mrs. THURMAN. Mr. Minge.

Mr. MINGE. I have talked to you several times about the disaster in the Midwest. I am interested in comparison whether the types of losses experienced in Hawaii are losses customarily insured against or is insurance unavailable for that type of loss?

Mr. WEBER. I think for the most part insurance is not available for that type of loss.

Mr. MINGE. Neither Federal crop insurance or insurance in the private sector?

Mr. WEBER. I don't know about private insurance.

Mrs. MINK. Part of my testimony was saying that if we are going to move in some direction, that at least at the minimum this crop insurance be made available to the specialty crops.

Mr. MINGE. Is anything available to the private sector?

Mrs. MINK. None that I am aware of except the large plantation sugar companies. I think they did receive some relief through the insurance companies, but not for the type of diversified farmer we are here to speak for today.

Mr. MINGE. The second question is whether or not the ceilings on payments apply the same way with these crops as they do with other crops that are covered by the disaster program.

Mr. WEBER. The same payment limitations do apply, \$100,000 per producer. However, in the case of Hawaii and Florida as well as all States, you have the factor of 50 percent. So therefore there was no more than a \$50,000 payment.

Mr. MINGE. Is there a calculation of yield or productivity of these particular plants that is made in the same way that it is for grains and other things covered by the other program?

Mr. WEBER. That is true with regard to the tree crops we do use a yield per acre or per unit, whatever that might be. I think it is generally per acre. As far as some of the ornamental nursery crops, we base that on container size.

Mr. MINGE. In our previous discussions I have complained about the calculation of the yield with respect to some of the Midwest crops as being too modest and not reflecting the actual productivity of the land. I have been told that the USDA has decided to go with some historic yield figures or conservative yield estimates in part for budgetary reasons as a way of trying to deal with the level of payments.

I am wondering if the figures used with respect to these specialty crops are current typical yields in a decent year, or are they yields which may be less based on historical figures and don't reflect current productivity.

Mr. WEBER. We base the yield estimates on the previous 5 years. We are dealing with things that have been frozen at a particular level since the 1986 crop.

Mr. MINGE. So it is more favorable from the perspective of the yields calculations?

Mr. WEBER. Yes. There is a provision with regard to nonprogram crops that permits a producer who can bring in evidence to show that the yield has been higher over the past 3 years to utilize that higher yield in determining disaster benefits.

Mr. MINGE. A concern I have is that in designing the program not only do we include specialties crops, so we are not discriminating against them, but are we not in the process of implementing this discrimination in favor either so that all producers are on a similar footing regardless of the type of crop or region of the country in which they are producing that crop, or whether or not it is in a commodity program so we don't discriminate against those who are growing crops in the program as opposed to those who are not.

Mr. WEBER. Those differences in the legislation have been pointed out several times, and you have pointed them out several times as well.

Mr. MINGE. I, as one member of the committee, would certainly appreciate recommendations from your agency as to improvements in the underlying legislation that you feel are necessary to both, one, make the entire process fair from the point of view of the producer or the farmer, and two, make it easier for you as an agency to administer.

You feel that you are making the best use of your staff resources and being responsive to the communities that you are trying to serve?

Mr. WEBER. We certainly look forward in the next months to work with the Congress in trying to resolve these issues and make the program fairer as well as more acceptable.

Mr. MINGE. In that vein, I would like to compliment you and your agency for the positive way in which you have responded to many of the problems I have seen over the last summer. I am deeply appreciative of that.

Mr. WEBER. Thank you, sir.

Mrs. THURMAN. Mr. Weber, maybe you can have that material in 30 days or so.

Mr. WEBER. We will try to get there as quickly as possible.

Mrs. THURMAN. We would really appreciate that. Mr. Kingston.

Mr. KINGSTON. Thank you, Madam Chairman.

I want to join Mrs. Mink in saying I appreciate your positive attitude in working out the problems. We are coming a long way on this.

My question to you is, for an individual farmer, would you buy crop insurance, or would you just wait for the disaster insurance? I know they will pay in some cases when disaster falls through.

Mr. WEBER. In my area of the country, coming from western Kansas, probably hail insurance is purchased more than Federal crop insurance. It just seems appropriate though in that area more often than not you are going to have hail rather than other types of disaster, so it is pretty widely used.

Mr. KINGSTON. After the process is over in this legislation, will it correct the disincentive out there or duplication?

Mr. WEBER. We are hopeful that the crop reform package that the Secretary will be bringing to the Hill will help to clarify that and help us to get out from under this situation of having the dual programs, one through the crop insurance and the ad hoc programs that we have had.

Mr. KINGSTON. That is all the questions I have.

Thank you, very much.

Mrs. THURMAN. Mr. Goodlatte.

Mr. GOODLATTE. I have no questions.

Mrs. THURMAN. Mrs. Mink.

Mrs. MINK. Thank you very much, Madam Chair, for the courtesy of allowing me to sit here with the panel and also to ask questions.

Mr. Weber, we are of course very appreciative of the way in which you have attempted to help us. We know that the barriers somewhere lie in judgments or understandings in the Departments or perhaps to some extent in the regulations.

The one that really troubles our farmers in Hawaii, and I am sure it is probably the same problem in Florida, is why are we stuck to the calendar year? Why when a hurricane hits or disaster strikes, are we stuck to December 31 as somehow a magical date by which to determine whether the farmer is able to have any assistance or not? Why can't we, or is there any basic reason in the law why we cannot change that so that this is 12 months from the date of the disaster? That is for starters.

Mr. WEBER. Certainly, Congresswoman Mink, the law does not specifically set out how the crop year will be determined. That is an administrative determination.

As far as determining and setting the calendar year for nursery crops and ornamentals, we worked with the industry starting in 1988, and that was basically the consensus between the Department and the industry of saying that seemed like a reasonable approach. So that is kind of where it has evolved.

That is not to suggest that upon further review that changes could not be made. I had not necessarily heard of the recommendation of starting the year when the disaster occurs. Certainly that is an interesting concept.

Mrs. MINK. In our situation you say that Hawaii harvested most of the 1992 crop because the hurricane occurred in September and therefore there was no loss. That is certainly not a true statement.

They perhaps had harvested their papayas or bananas up to September 12. But for the balance of the year it was a total loss. There is no way to say to the farmer, that well, you got what you needed to get out of your crop and therefore there is no consideration for disaster payment.

In point of fact, those farmers who were depending upon yields in September, October, November, and December got nothing, and they also got nothing from the Federal Government.

So it seems to me that a uniform rule cannot be applied equitably when the nature of the crops are different. It is not as though the crop was going to terminate because winter came in. That is a seasonal phenomenon in the northern temperate climate. This is not the case in the tropical areas.

So that is a situation which seems to me to be so self-evident that if it is an administrative decision, it is one that could be corrected fairly easily. That is the one request of the farmers in my district.

Mr. WEBER. I appreciate your comments on that. You do have a statutory requirement that producers must suffer 40 percent loss or if they have crop insurance, a 35 percent loss.

I can understand where your producers are coming from, but I can also remember back to my area of the country and a wheat producer who loses his crop, he must suffer that 40 percent loss before being eligible for any type of disaster coverage. They are somewhat similar.

I understand where you are coming from.

Mrs. MINK. The criteria is in judging my farmer for his 100 percent normal productivity when he had no storm and the storm occurred in September and he lost everything. You cannot say to that farmer after the hurricane damage, well, sir, you did not suffer a 40 percent or greater loss. He lost everything.

This, it seems to me, is the impasse we are in and surely we ought to be able to come to an accommodation for our local situation.

Thank you, Madam Chairman.

Mrs. THURMAN. Mr. Nussle is also joining us. You all are a very popular group today. We are glad to have you.

Mr. NUSSLE. Thank you, Madam Chairman.

This is a situation, very widespread, and I think as a result takes on that kind of interest. I don't have an opening statement. I have a couple of items when they are about to speak on the third panel.

I am not a member of this subcommittee, and I appreciate you giving me a chance to do that.

Mrs. THURMAN. But you are a member of our Agriculture Committee.

Mr. NUSSLE. I appreciate that, thank you.

Mrs. THURMAN. Mr. Weber, I have a series of questions, very short, but just something I am interested in. I think it goes back to Mrs. Mink's questions.

Did any of the policy people that were involved in these decisions, did they have any background in the fruit or vegetable or ornamental plant industries?

Mr. WEBER. I would not say that none of them did not, but certainly not a lot of us in the Department have extensive experience in the nursery crops. That is why we have relied heavily on the industry in trying to fit these particular crops into the statutory authority that we have. That has not necessarily been the easiest.

But, no, we don't have a lot of extensive experience. We are certainly gaining a lot of experience.

Mrs. THURMAN. But you do believe that you have consulted with some experts?

Mr. WEBER. Yes.

Mrs. THURMAN. You do now?

Mr. WEBER. Yes, and we did when we developed the procedure that is set up. We worked with the industry to try to fit the pieces of the puzzle together as best we could.

Mrs. THURMAN. I would just strongly suggest, and I know it sounds like you are doing that, but to me that is the paradigm of all of this. If we were talking about wheat or corn or some other grain industry, which seems to be prominent in this Congress of knowing about those kinds of issues, we certainly would never have come to the decisions without that input or without that kind of knowledge.

I think what we have here is a situation where we do have some developing crops within this country that are very important to both, I know in Hawaii and Florida's economy that certainly they ought not to be put on the back burner.

Mr. Lewis and I were in a meeting this morning on a NAFTA issue. Quite honestly maybe Mrs. Mink feels the same way, but it is the first time we believe that anybody noticed that agriculture in Florida is really alive and well.

Mr. Lewis.

Mr. LEWIS. I have two questions for Mr. Weber. Mr. Weber, in your testimony you discussed containerized nursery crops. How about nursery field crops? How are they covered?

Mr. WEBER. I will turn it over to Diane.

Ms. SHARP. The only difference we have distinguished between it is we have acres in that case and don't deal with containers. So we have acres of trees or palms. So there are no differences in the way we treat those two.

Mr. LEWIS. The other question is how heavily do you rely on recommendations from Dade County? They came through after the hurricane with a number of recommendations.

Mr. WEBER. We have relied very heavily on Dade County simply because again, as has been pointed out, we don't have a lot of expertise in the crops that are growing in that area.

So we have relied very heavily on Dade County and the people down there to give us recommendations. I think for the most part recommendations that have been made, we have generally gone along with them. The one major issue is the dead tree issue. That issue decision was made in the Secretary's office and we are all aware of what that decision was.

Otherwise, for the most part, the recommendations that have been made by Dade County have generally been accepted.

Mr. LEWIS. I would like to get back to Ms. Sharp if I could. You said the differences were between containerized and acres. Let's

say a person has a nursery of say 1,000 acres and they are in the ground, not in containers. How does that person file a claim, and how do you figure the claim?

Ms. SHARP. The county committee establishes a yield per acre for crops that are planted in the ground. Then the producer would bring in his production for the year, and we would compare his actual production to the expected production determined by the county committee, and that would determine his loss.

If that loss was in excess of 40 percent, then he would be eligible for disaster payment. The eligible loss is that loss that exceeds 40 percent. On 1,000 acres if the county committee determined that he could yield 450 plants an acre, they would set \$50,000 as his expected yield, and then he would tell us what he produced in the year.

If that difference between what he actually produced and his expected yield exceeded 40 percent, he would be eligible. That is very similar to row crops and the grain crops.

Mr. LEWIS. Thank you, very much.

Madam Chairman, I hate to do this again, but I would like unanimous consent to submit some questions for the record to USDA from Congressman Combest of Texas and a question from one of his constituents.

[The material follows:]

QUESTIONS FOR THE RECORD FROM CONG. COMBEST
NOVEMBER 16 HEARING ON DISASTER ASSISTANCE FOR
SPECIALTY CROPS

QUESTION: Would you please comment on the assertion that the Texas and New Mexico assigned yields for vegetable crops produced in the High Plains area of the two states are widely disparate; and if so, explain how the disparity has arisen. Did Texas use "blended yields" in establishing assigned yields for specialty crops?

ANSWER: The Texas State ASC Committee is required to establish yields for crops based on data obtained from all parts of the State. Because Texas is such a large State with a wide range of diversity in soil types, rainfall, and potential buyers of vegetable crops, yields from adjoining States, such as New Mexico, may not be comparable to the yield established for the State. The yield that the Texas State ASC Committee established for the State is based on the National Agricultural Statistics Service data, other government agencies, and sometimes other sources. This yield is a blend of data gathered from within Texas.

QUESTION: Is there any provision in the disaster program handbooks or other USDA rules to coordinate the establishment and adjustment by states of assigned yields for vegetables and specialty crops, and to ensure that the assigned yields are relatively consistent from state to state except to the extent the growing conditions are substantially different?

ANSWER: Yes. State ASC Committees were directed to compare their established rates and yields with those of surrounding States and any other State that they believed may have the same crop and growing conditions.

QUESTION: What efforts is the Federal Crop Insurance Corporation making to develop crop insurance plans for vegetables and specialty crops in the High Plains area of Texas and New Mexico?

ANSWER: Federal Crop Insurance Corporation (FCIC) is currently reviewing expansion of crop insurance programs to the High Plains area of Texas and New Mexico for vegetables and specialty crops. Consideration for expansion is based on prioritization by total dollar value of the crop at the national level.

The crops currently being evaluated are hay, nursery crops, head and leaf lettuce, strawberries, carrots, avocados broccoli, mushrooms, cantaloupe, celery, pecans, cauliflower, forage and lawn seed, asparagus, pistachios, sweet potatoes, sweet cherries, watermelon, pineapple, blueberries and peppermint.

Requests from the High Plains for pumpkins and spinach are also noted. Pumpkins and spinach are ranked 114th and 84th respectively, based on total dollar value of national production. Neither crop has a program at this time. Upon completion of the current crop evaluations, additional crops will be considered for expansion.

Mrs. THURMAN. In 30 days we will be hearing back from you, is that correct?

Mr. WEBER. Yes.

Mrs. THURMAN. We would like to have the third panel, Mr. Wells, Mr. Kirby, Mr. Gallant, Mr. Badger, and Mr. Olszack. We welcome all of you today.

Mr. Wells, I think we will start with you.

**STATEMENT OF EARL WELLS, EXECUTIVE VICE PRESIDENT,
FLORIDA NURSERYMEN AND GROWERS ASSOCIATION, INC.**

Mr. WELLS. Thank you very much, Madam Chairman, members of the subcommittee. Some of the members of the panel will give you more specific circumstances as it relates to the programs.

Let me say that my mission here today appears to be well on the way to being accomplished, and that is that both the subcommittee and members of the agency have appeared to have recognized the uniqueness of the nursery industry.

Unfortunately we had to have a catastrophe to bring this about, but I think we can put the whole thing in perspective if we recognize that the nursery industry in the United States is a \$9 billion industry. It is the sixth largest agricultural industry in the United States.

By those figures, I think we can recognize as Congressman Lewis said, it is high time that we recognize the uniqueness of the agricultural industry. In Florida of course we have a very big portion of that, \$1 billion.

I think what we have seen here today illustrates that the agency has either by design or lack of expertise has not recognized the problems of the nursery industry. They have not recognized that we have 2-, 3-, or 4-year crops.

They have not recognized the fact that if a grower has a 40 percent loss on his annualized crop, what about the losses to his inventory that may be good for 2-, or 3-, or 4-years?

Those things either have not been recognized or else legislatively they cannot be addressed. The disaster programs unfortunately, due to the media, create a perception out there that everybody is going to get their hand in the till or they are going to get help. As we have seen, that is not the case.

More often than not, we have a lot of disappointed growers. I think one of the best examples of what has occurred to the nursery industry, not to be redundant, but let's talk about the ECP program.

The ECP program was probably the best single disaster program. It was a cost sharing program. Let me reemphasize, it was a cost sharing program. The grower was going to pay part of the cost. That was the program that was shortchanged. That is very unfortunate.

Many of the growers in Homestead, Florida, made plans based on the fact that they were going to share the cost, and this program was going to be fully funded, and it was factored by 50 percent. They later came back and added some of those funds back, but the damage had been done in many cases.

For the sake of time, let me give you one other illustration. The chain link fence. We have gone round and round and round about

the chain link fence deal. In Homestead they are just as important as a fence is to a cattle farmer in the Midwest, yet they were not recognized as being necessary to the industry.

As of November 5, that has been corrected. Briefly I think that what you have heard today, especially from the committee members, outlines the problems that are unique to the nursery industry of this country, not only Florida, but this country.

We need to fine tune the programs to adapt them to the nursery industry. And \$9 billion is not peanuts. It is a lot of money.

I think with the combination of fine tuning the disaster programs and the crop insurance programs can be intertwined to make these programs work much better.

Thank you for the opportunity of the hearing and expressing our view to you.

[The prepared statement of Mr. Wells appears at the conclusion of the hearing.]

Mrs. THURMAN. Is there someone here from USDA?

Mr. WELLS. Am I preaching to the choir?

Mrs. THURMAN. I just wanted to see if somebody was here from USDA. I want to make that notice in the record, it is a kind of side thing here. I didn't mean to interrupt you.

Mr. Gallant, we are glad to have you here.

STATEMENT OF RICHARD GALLANT, CHAIRMAN, DADE COUNTY CHAPTER, DISASTER ASSISTANCE COMMITTEE, FLORIDA NURSERYMEN AND GROWERS ASSOCIATION, INC.

Mr. GALLANT. Thank you, Madam Chairman and members of the subcommittee.

First of all, I want to express our deepest gratitude for having this hearing, for giving us an opportunity to express our views on the situation as transpired in Homestead, Florida, particularly. I am a foliage nursery grower in Homestead and chairman of the disaster assistance committee.

The purpose of this hearing, as I understand it, is to measure somehow the effectiveness of the Federal disaster assistance package. We have to decide what is the objective of the disaster package. It should be primarily to provide stability in the industries involved in the devastated area.

In order to do this, we have to develop some criteria for how we measure the effectiveness of the program.

From our point of view we saw three stages of the assistance as it should be applied to us. I would like to comment on those three stages. The first stage is to get some money into the hands of the producers very quickly. That would be in the form of prepayments basically under the ECP program.

Ideally this should happen within 4 weeks of the disaster. What happened in our case is that there were some free payments in that timeframe. They were very insignificant compared to the overall cost. That occurred just as a cleanup in the irrigation repair.

This situation had a very demoralizing effect to a large extent on the people involved. Second, the indecision of the ASCS when we were cut back to 50 percent funding had a very detrimental effect at a very crucial time in our efforts to rebuild.

Fortunately this decision was reversed, but in a lot of cases, it is already too late to have some effect. People have made the decision to either get out of there or bulldoze the balance of their operation because they had decided they could not fund it based on the 50 percent criteria.

The second stage of the assistance would be to rapidly conclude the payment on TAP and to get that money into the hands of producers. Ideally we would like to see that happen within 6 months. We are now close to 16 months since our particular disaster, and we are still talking about a lot of these issues.

We were very grateful for the legislation that provided for us to get assistance after the disaster, but we really have to question why we were singled out, and I include the victims of Hurricane Omar and Iniki to receive a 50 percent reduction in our benefits.

This is something that we would at least like to hear an explanation of the origin of this and how it came about. The TAP program as far as we are concerned was administered and handled very well. It got money to us in a relatively short time with very little aggravation.

If that could be used as a model of how this thing should work, certainly TAP was the closest that we have seen of how that should work.

Incidentally, the way the program was written for the 1992 disaster program, the nurseries particularly and groves also would have benefited very little from the program because of this 40 percent rule.

In fact, I am quite sure that upwards of 60 percent of the nurseries would have had zero benefit under the 1992 disaster program if the results were not changed on the 1993, 1994, and 1995 package. The whole reason of having a disaster package should be to assist the people affected. What good is it if it is on paper and the funds are not getting into the hands of producers?

Our industry is an industry that is going to pull the Homestead, Florida, area back out of the depression it is in. We are the first ones back, and we are going to be the ones to pull it out.

The third and last stage of any disaster assistance would be the long-term assistance. By this, we are looking at the long-term programs available, FmHA and the agra business industry loan program.

While we appreciate the fact that these programs are there, there are a lot of difficulties associated with them. Most growers were totally intimidated by the package when they saw it. Most walked in to that office and walked out shaking their heads knowing they would never apply for that package.

They had to put up everything they owned as collateral regardless of the size of the loan. I don't think most good business people in their right mind would walk into that trap.

Second, for the IDA program, certainly less tedious to apply for, but we were looking at rates which were pretty much commercial rates, 1 percent above prime. We were promised there would be a better deal on the interest rate, but it did not occur. It was written into the regulations, but the regulations were never released for us to take advantage of that program.

We certainly appreciate all the help we have gotten from the various individuals in the agencies to get to where we are now. We have made headway. For all the elected officials who have made it possible to come this far, you have our deepest gratitude.

Thank you, very much.

[The prepared statement of Mr. Gallant appears at the conclusion of the hearing.]

MRS. THURMAN. Next Mr. Olszack.

STATEMENT OF W. REED OLSZACK, CHAIRMAN, DADE COUNTY, FLORIDA AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE COMMITTEE

Mr. OLSZACK. Thank you for the opportunity to speak. First of all, I would like to ask that my written testimony will be submitted for the record.

Mrs. THURMAN. Without objection.

Mr. OLSZACK. I would like to just summarize my written testimony and speak on some of the issues that have been raised here.

In summary, I think it is very important at the time of a disaster to assist the local committee and listen to them in establishing guidelines and estimates for damage assistance and cleanup, also touching on Mr. Gallant's statement about authorizing advanced payments to growers, that is very important.

When an industry is devastated, when a producer is trying to clean up their home, their business, their agricultural enterprise, they must be given some means to assure payment. Perhaps a voucher system could be utilized to take care of that.

Also on the crop year, we need to redefine the crop year. Obviously when you plant a papaya tree in the month of June, that crop year starts in the month of June, not in the month of January, some 6 months prior.

Our crops don't fit into a neat definition of calendar year. It is not the way of the tropics and subtropics. We also need to take into account production loss for subsequent years on production of trees that take 3 to 5 to 7 years to come into production.

An example of this is the issue around dead trees. What has occurred is the 6,200 acre lime industry is now decimated to 1,200 acres. Under the 60 percent rule, the lime growers were kept from receiving any disaster payment for the year 1992. Because the majority of lime trees were destroyed by Hurricane Andrew, they are not allowed to receive any compensation under the 1993, 1994, 1995 crop loss.

These growers have no compensation at all. They are being asked to go out on faith and replant a crop on TAP dollars that are woefully inadequate to sustain a planting for the 3 to 5 years before they get a positive cash flow from that planting.

The lime industry also represented about 1,353 jobs, \$28,500,000 a year. That is a sizeable industry.

We also need to streamline computation and logging procedures at the county level. As it stands now, some of these procedures take about 45 minutes to over an hour per file to process.

When you have over 2,000 files in a county office, you can understand the logjam that occurs when you have producers waiting for

this money to pay contractors, to pay suppliers, to pay vendors so that they can get back into their agricultural business.

We also need to look at Federal crop insurance for excessive claims and the funding shortfalls for future disasters has been touched upon by some other witnesses here. Around FmHA loans, Richard Gallant spoke about the paperwork reduction. That has to be looked at. The collateralization requirements, that has to be looked at. We need to review the TAP payments again to these long-term tree crop producers because the current TAP situation does not account for long-term productivity.

We also need to allow the local, State, and county offices more discretion on payment procedures and guidelines. We had asked for those extensions. At one point some of those extensions were denied and we had to go back to some of our congressional Representatives to ask that these deadlines be extended.

We had situations where producers could not get trees to plant in the ground. What would be the sense then in restoring your irrigation system and opening it up to vandalism and theft while you are awaiting tree orders that sometimes take up to a year?

We have to streamline the internal movement of funds within programs in USDA to expedite appropriations where short falls and surpluses occur. One good example of this was Secretary Espy's ability to take money from the conservation reserve program and move it into ECP for restoration of the 60 percent cost share for cleanup.

One comment on the dead tree issue, if this is going to be resolved in a favorable manner, what we need to do is set aside approximately \$26 million to accommodate tree crop producers for 1993, 1994, and 1995.

Looking at some numbers, if I may take a few more minutes here, under the disaster payment for 1993, 1994, 1995, a \$240 million nursery industry, crop loss we are looking at paying out \$24 million. On a \$240 million crop loss in the tropical fruit industry, because of the dead tree issue, we are looking at a payment of \$2 to \$3 million for the tree crop producers. There is a tremendous inequity there.

Just as a final comment, we have had heard a lot about sustainability of agriculture from this administration and previous administrations, also USDA. If you want sustainability of agriculture, you have to be able to stand behind agriculture in times of disaster. Farmers need that.

I think it is part of the Government's responsibility to do that. Thank you.

[The prepared statement of Mr. Olszack appears at the conclusion of the hearing.]

Mrs. THURMAN. Next, Mr. Kirby.

STATEMENT OF TOM KIRBY, DIRECTOR, EXECUTIVE AND GOVERNMENT AFFAIRS, DADE COUNTY FARM BUREAU

Mr. KIRBY. Madam chairman and members of the subcommittee, on August 24, 1992, nearly 16 months ago, Hurricane Andrew ravaged south Dade County, Florida. It destroyed homes, retail businesses, it destroyed professional offices, shopping centers. No one or nothing in the storms's path was spared, and that included the

mainstay of our local economy, agriculture. Large and small growers alike, the storm did not discriminate, and that agricultural industry also included aquaculture.

Prior to Andrew, the industry provided \$1 billion plus in economic impact to our area annually, and in excess of 23,000 full-time equivalent jobs. To expand on what Mr. Wells has already told you, Florida produces 50 percent of the ornamental foliage distributed throughout the United States. Of that, 50 percent of the Florida production occurs in south Dade County.

To put this in perspective and to put it another way, in your congressional offices you have tropical greenery. That means that the chances are one in four that greenery came from the greater south Dade area.

If you enjoy eating domestically produced fresh vegetables in the winter months and tropical fruits such as mango, avocado, carambolas, and Persian limes throughout the year, then chances are that you are consuming many of the crops grown in the area of Florida dramatically affected by Hurricane Andrew.

Immediately following the storm the Dade County Farm Bureau began collecting data and compiling damage estimates. By the grace of God our telephones did not go out, so we immediately opened up lines of communication with Commissioner Crawford and the Florida Department of Agriculture, with the U.S. Department of Agriculture, specifically Deputy Under Secretary Charles Resnick, as well as Mr. Randy Weber who appeared before you earlier, the Office of Management and Budget, our Members of Congress who I am sure you remember well, Representative Dante Fascell, and Bill Lehman, Senators Mack and Graham, as well as our good neighbor to the north, Congressman Tom Lewis and any other elected and appointed official that would listen to us.

These folks were keenly aware of the damages that we suffered, and they were equally aware of the needs that we had.

Some of the needs were addressed in the Bush administration's disaster appropriations bill. The remainder, that was overlooked due to haste, was addressed in the subsequent supplemental bill.

I say addressed because as I said even going into the 16 months following Andrew, many of those needs remain unmet and unresolved. Now, at the risk of sounding cynical, both current and past administrations are no longer using our area for photo opportunities. Now, that we are no longer on the evening news, our needs still remain unresolved and unmet.

A case in point is the recent decision by Secretary Espy not allowing destroyed fruit trees to be eligible for crop year losses. This decision has put the domestic lime production folks out of business, and has put a real dent in other tropical tree crops. His decision flies in the face of the legislative intent of the law. We have talked to Senator Graham. We talked to Senator Mack. We have talked to Congressman Lewis and Congresswoman Carrie Meek and to the current Deputy Under Secretary Bob Nash. We tried to talk to Secretary Cisneros when he came on his first fact-finding mission.

Like I said, we talked to anybody who would listen. Our Governor, Lawton Chiles, Lt. Governor Buddy McKay and Representatives Peter Deutsch, Carrie Meek, Lincoln Diaz Balart, Ileana Ros-Lehtinen, Alcee Hastings all lobbied on our behalf. Our message

was heard, legislation was passed in the supplemental and everyone concerned knew that the intent of the legislation was to make our producers whole again and this has not happened.

Yet through some legislative craftsmanship, the Secretary has found it possible to compensate for crop quality losses faced by corn, cotton, and potato producers at 100 percent ratio while our producers are being compensated at a ratio and factor of 50.4 percent.

Further, it is our understanding and I would love to be corrected if I am wrong, but I am told these funds were made available to the corn, cotton, and potato producers, and they were taken from people specifically intended as victims from Hurricane Iniki and Typhoon Omar. That is unconscionable.

On a positive note following the overall disaster, the response to provide farmworker housing was truly admirable. Working with State and local governments housing for the farmworker sector was made available at a record speed of 90 days from beginning to end.

Now, that we have provided shelter for farmworkers, it is time to see our producers get back on their feet so they can continue to provide vital employment opportunity to this sector of the communities.

Ladies and gentlemen, our producers affected by Hurricane Andrew have made short- and long-term business decisions based on promises of forthcoming financial assistance from the USDA. The time has long passed to get on about delivering on those promises.

I want to thank you for your time, and let you know that the Dade County Farm Bureau, I think I can speak for everybody at this table, is more than willing and able to help this committee, the U.S. Department of Agriculture or whoever it is going to take to bring these problems and others you will probably hear more about today to a resolution mutually beneficial to all of us.

I would like to point out that joining the committee, although I don't see him on the agenda, is Mr. Steve Garrison, a former president of the Dade chapter of the Florida Nurserymen and Growers Association. He is a nurseryman. He is a recipient of the Farmers Home Administration loan, direct loan. If you would like to speak with him regarding that, if it is the pleasure of the committee, I am sure that Mr. Garrison would be happy to speak to you and entertain any of your questions.

Mrs. THURMAN. When we get to the questions and answers, that would be a good time to bring him up here. I think Mr. Lewis would like to have the opportunity to introduce Mr. Badger.

Mr. LEWIS. I would like to introduce my good friend, Gene Badger, the former ASCS director in the State of Florida. He did one outstanding job and he can be applauded and receive kudos from all sectors of agriculture in Florida.

We are pleased you could be with us today, Gene, and we look forward to your comments on this issue.

STATEMENT OF EUGENE C. BADGER, FORMER STATE EXECUTIVE DIRECTOR, FLORIDA AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

Mr. BADGER. Thank you, Tom. Madam Chairman. One comment I would make. You have heard a lot of discussion about the problems in administering the programs in Dade County.

If it had not been for Reed Olszack and the other two members of the county committee who spent timeless hours, I would guess during the first 6 to 8 months they spent 10 or 12 hours a week away from their businesses studying the applications and forms to try to expedite them. Without a strong committee, we certainly don't have another committee that I am aware of anywhere in the country that has functioned with the professionalism that Reed and his folks have in Dade County.

Otherwise you would have a lot more problems than you have heard about. They did an outstanding job.

Starting with the special needs, comparable treatment to wheat, corn, and oat growers is what is needed in the specialty area. For example wheat growers can be paid 65 percent of their production loss and also collect crop insurance.

If they are prevented from planting, they can collect disaster at 65 percent. I will digress on that for a minute. If a citrus grower is going to lose 100 percent of his crop for the next 2 to 3 years, is that not in the same position of a wheat grower who doesn't even plant this year and we still pay him 65 percent. It looks like that is great discrimination against citrus and specialty growers.

If you have any questions about it, you can check that out and find out that you do do that. In order to save some time, I will skim on down to solutions because they have covered a lot of the specific problems that they have had. I don't think you will solve the problem of disaster. You would have to write laws almost as long as the budget resolution is. I think one of them was 1,800 pages last year.

I think to solve this problem you can establish crop insurance for all crops and you could consider using dollar value as a basis to reduce the cost of insurance, particularly in the specialty crops and where the amount of crop left may be worth more than the whole crop.

We had some folks who lost some sweet corn. The market is up to about \$8 now. My guess is, notwithstanding that they have lost a good many acres, whenever you take the acreage, and they were insured at say \$350 an acre or \$500 or \$700 an acre, what is left is going to be worth more than what they lost, and there will be no insurance payment.

So utilizing the dollar value for the crops would certainly work better in these high-priced crops. Guaranteed yields are more workable when there is large storage crops because there is less price fluctuations. So if you are using yields, they are more workable than price, although price would work. Crop insurance would provide for those with over \$2 million in sales.

You haven't heard much about it. But we did not help a lot of folks who had damage. A lot of people who provided a lot of jobs in the Florida area were denied benefits because they had over 2 million dollars' worth of sales.

Let me tell you, in specialty crops you can sell \$2 million and still lose money. For example, the 1989 lettuce people lost their lettuce in December and they replanted it. The second crop they planted, by the time it came in, the New Mexico and California crop was in and the crop was worth less, at \$3 and \$4 a crate.

They had a tremendous loss even though they had 2 million or 3 million dollars' worth of sales. Some of them went into bankruptcy. The farmer who loses his personal crop over a 10-inch rain, it is just as disastrous to him. Crop insurance takes care of that situation where you don't have a statewide disaster, but one person's disaster is just as serious to him or her.

Crop insurance can minimize the amount of fraud because the agents would establish that the crop existed prior to the disasters. You pass a bill 1 year after or sometimes 2 years after, and you don't know whether it is out there or not. With crop insurance you would have determined that there was a crop there. Crop insurance would be more equitable to growers because it would be paid based on the value that they insured.

If they thought their crop was worth \$1 million, that is what they insured it for. USDA could better control the cost to the taxpayer. Ordinarily the Dade County office has two employees. They have had from 20 to 42 employees most of the time since September of 1992 working a lot of overtime.

As an illustration of that, the Secretary of Agriculture, we had about 7 million dollars' worth of crop insurance in the Dade County area. Those checks were delivered within 10 days by the Secretary, and those people were made whole for what they thought the value of their crops were.

So you would have a lot better service and a lot more timely service. If you are not going to do anything about crop insurance for all growers, for all crops, then I would suggest that you require all crops to be reported to the ASCS offices when they are planted, or require that perennial crops, orchards be reported when their fruit is sent.

This way you can control fraud and you are in a better position to make crop payments in a feasible way. It is based on the grower's own yields. Whenever you pay on averages, you overpay a lot of the less efficient managers and this gets some people doing what they commonly call in the field planting for disaster.

Thank you.

[The prepared statement of Mr. Badger appears at the conclusion of the hearing.]

Mrs. THURMAN. I think what we are going to do is recess because we have to vote. That is what those lights and bells were that just went off. If you could give us maybe 10 minutes, we will come back and go ahead and continue this and be ready for questions.

Mr. WELLS. Some have to catch airplanes, too.

Mrs. THURMAN. What time are your planes?

Mr. WELLS. Mine is at 6:45 p.m. I will have to leave shortly. Mr. Badger and I will leave on the same plane.

Mr. LEWIS. Why don't we do this real quick? I would like to ask the panel quickly, and those who have to leave can answer first, what did you think of the USDA's comments, if you want to com-

ment, on what the USDA said in response to their testimony and questions?

Mr. WELLS. May I interject?

Mr. LEWIS. Yes.

Mr. WELLS. Just what Mr. Badger has said, if the pressure can be put on USDA to come forward and revamp with the proper programs and use that as the cap, I think the actual borrowed dollars spent in the disaster program in the final analysis would be considerably less if you in fact subsidized the crop insurance program, made everybody buy the crop insurance program, and say either you buy it or you are out the door.

If you look at it in a very hard business like attitude, subsidized crop insurance, let everybody be covered and say there ain't no disaster payments. You buy crop insurance. We are going to subsidize it. At the end of the road, the Federal Government will be better off than they otherwise would be to continue a disaster program. That is our position.

Mr. GALLANT. Whereas I agree with the objective of insurance, there is still some others outside of that norm of protection, such as the cleanup costs. That is not covered by an insurance program.

I think certainly that is one of the recommendations that I think you made, Congressman, to have people involved in specialty crops visit USDA. That is the key to this whole thing to get it to work.

Mr. WELLS. May I make one quick observation? You heard a little talk about the Farmers Home Administration. Let me give you a one-line synopsis of the farmers' loan program. It benefits the poor farmer and penalizes the good farmer. The guy that can go and get a Farmers Home Administration loan, more often than not, really doesn't need to be in business.

That is about the best way that I can describe it to you. The guy is a good farmer. He can get money.

Mr. LEWIS. Let me ask another question in regard to disaster assistance. Would you prefer to have disaster assistance or would you prefer to have crop insurance or a continued combination of both? You are not getting very much of one right now.

Mr. WELLS. I would rather growers respond to that.

Mr. OLSZACK. I think a reasonable crop insurance is preferable. Under the crop insurance we have seen it is subject to a lot of let's say inconsistent policies that doesn't really meet the needs of the growers.

If we can forge a good Federal crop insurance program for crop insurers with the input from the industry, I think that goes a long way toward resolving those problems.

Mr. WELLS. You got your money too, you got it quick. As he said, they had \$6 to \$7 million of crop insurance in Dade County and they had the checks within 2 weeks.

Mr. KIRBY. I think a crop insurance program with input from industry would probably be better for everybody. There are inconsistencies. Many believe this one regarding the tree issue. The tree issue is a real problem. Under one of his options, the CON for not selecting that particular option says this option would not be producer friendly, and yet the Secretary approved that option for institutions which eliminates dead trees from receiving crop year losses that was again spelled out in the legislation for 1992, 1993, 1994,

and 1995 for specific victims, tropical fruit growers, agriculture, nurserymen, for Typhoon Omar and Hurricane Iniki, and how this cannot be clear in anyone's mind is beyond me.

Mr. LEWIS. Mr. Badger.

Mr. BADGER. I don't see anything different. If you pay a wheat grower for a crop that he was planning on planting, what is the difference from paying a guy prevented from picking oranges because he did not have any trees?

Mr. LEWIS. That is right. I cannot disagree with you. The chairwoman has gone to vote. I will have to go because I have only 4 minutes. She will be back before I am. She has probably voted now. If you don't mind holding for a few minutes to answer any questions she may have.

[Recess taken.]

Mr. LEWIS [assuming chair]. The subcommittee will come to order. There are all kinds of things going on on the floor and on the streets. There are more important people on the streets than you have ever seen lobbying one way or the other for the trade agreement.

Maybe she got caught up with that. We appreciate your being here. We appreciate your comments. They are all a part of the record.

We will ask for the next panel to come up. I will ask unanimous consent for Congresswoman Meek, she may submit questions to the USDA at a later date.

Mr. Biro and other members of the panel, all of your testimony will be made part of the record.

If you want to summarize, that is perfectly all right with the subcommittee.

STATEMENT OF RICHARD BIRO, OWNER, FLORIDA EXOTIC FISH SALES, ON BEHALF OF THE AQUACULTURE PRODUCERS, SOUTH DADE COUNTY, AND MEMBER, BOARD OF DIRECTORS, FLORIDA TROPICAL FISH FARMERS ASSOCIATION

Mr. BIRO. I am Richard Biro, the owner of Florida Exotic Fish Sales in Homestead, Florida, and have been in the ornamental tropical fish business for 22 years. I am on the board of directors of the Florida Tropical Fish Farmers Association, and I have been attending county committee meetings of the ASCS in an advisory capacity related to aquaculture since Hurricane Andrew.

I appreciate this opportunity to present to the subcommittee some of the problems that aquaculture has faced since the storm and to propose some possible remedies. I would like to describe three problem areas that aquaculture encountered associated with disaster assistance programs offered by the USDA and discuss some possible solutions.

The USDA offered various programs to its ASCS office in Dade County to agricultural producers. When we in aquaculture came in to apply for the cleanup programs, we were told we were ineligible and could not sign up. We immediately became involved with Senator Bob Graham's office; and after several weeks, we were permitted to participate in the cleanup assistance program. A clarification in the USDA cleanup program defining aquaculture as agriculture could have prevented this delay.

The cleanup assistance was to be at a 64 percent cost sharing level. Many producers cleaned up their farms with the 64 percent cost sharing as their guidelines. A month later, the cost sharing was cut in half to 32 percent. This left many producers with severe financial problems, since they used funds to clean up their farms that they needed to reconstruct their businesses.

A month later, the USDA reversed itself and went back to the original 64 percent.

As of today, because of these program delays, many producers have not received the additional 32 percent promised. This continues to be a tremendous hardship on many agricultural producers.

The second problem area is the tree assistance program or TAP. This was offered to create and fund the restoration and replacement of stock plants and of ornamental nursery plant producers. The nurseries generate much of their inventories off of these stock plants. In the same manner, ornamental tropical fish farmers produce 90 percent of their inventories from our brood fish.

A program for aquaculture similar to the TAP for nurseries would help the tropical fish farmer replace their brood stock. As it is now, most fish farmers cannot afford to purchase either brood stock because their revenues are still too low. We cannot even put fish aside to grow out for future breeders, which is essential to the survival of our businesses. This process can take 1½ years. We are forced to sell inventory to maintain our day-to-day business operations.

It may take until early 1995 to reach a prestorm inventory level. In other words, we are robbing from our future sales to meet the day-to-day necessities of our business. This only compounds our problems.

The third and final concern is the disaster assistance program or DAP.

The aquaculture business like the ornamental nursery business is a year-round agricultural concern. Inventories are generated for sales some 6 months later and some 2 years later. The 60-40 rule used to determine participation in the DAP program disqualified many fish farms and nurseries. Most of the crops destroyed by the hurricane were being grown to be sold in 1993 and 1994. The inventory of our fish farms and nursery farms is actually our crop, and eliminating the arbitrary calendar year guidelines in the DAP requirements would enable year-round farmers to qualify for their disaster assistance program.

The problems we had with access to the cleanup program, the TAP, and the disaster program, as well as problems obtaining FmHA loans, could be permanently solved if the proper definitions including aquaculture and ornamental tropical fish as agriculture in all of the USDA agencies was adopted.

Thank you for your time and concern on behalf of the aquaculture business and ornamental tropical fish.

[The prepared statement of Mr. Biro appears at the conclusion of the hearing.]

Mrs. THURMAN [resuming chair]. Next, Mr. Garrison.

STATEMENT OF STEVE GARRISON, PRODUCER, ALMOND TREE NURSERY, ASCS COUNTY COMMITTEE, HOMESTEAD, FL

Mr. GARRISON. Good afternoon, Mr. Lewis. I apologize for not having a prepared statement. At the last minute, I came because a couple of the other growers were unable to attend. On the early morning hours of August 24, 1992, I spent the time with a mattress in front of myself, in front of a closet where my wife and children were huddled in a corner. When the Sun finally came up and we came out of the debris and stood outside on what used to be my back porch, my younger son, 12 years old, was crying and said that he had intended to inherit a nursery one day and his life was over and what was he going to do; and his older brother, 14, said, "Shut up, Matt, daddy's not dead; you are not inheriting anything, and we are not poor yet."

I gave my sons the option of either helping to rebuild the nursery—I told them I wouldn't do it by myself. If they wanted to work with me to help me rebuild it, we would rebuild the nursery. If they didn't want to do that, I would plow everything to the road, sell the land, raise enough money to buy a franchise in New Orleans. They decided to stay in the Homestead area.

We began working to put everything together. While my sons were out there putting the irrigation systems back together, because a lot of growers lost more crops due to the lack of irrigation than were lost in actual damage from the hurricane, I was busy filling out Government forms and going from office to office looking for assistance.

The process was very cumbersome, as people related earlier. After filling out many forms, I was told that actually that program didn't apply to me. I was sent somewhere else and bounced from office to office. After about 4 or 5 months, I finally prevailed. I did receive a Farmers Home loan.

I was discouraged and tried to apply for an interest buydown loan. Those loans never occurred. A lot of the nursery people spent valuable time they should have been using to restore their businesses to fill out all these forms. I understand the USDA is abbreviating a lot of their forms. It is very important.

I think the things that were said earlier are very important about the crop insurance. If crop insurance and loan moneys are made available for the assistance on interest and no requirements for all the land and all your possessions are committed for the purpose of obtaining a loan, that those two things should eliminate the necessity for a lot of the just giveaway programs.

I think most growers would be happy to pay for insurance, would be happy to borrow money and repay the money. No one is looking for anything for nothing. But we work in a very labor-intensive industry. We employ a lot of people. We have payrolls that have to be met. We have suppliers that have to be paid. In order to do our business, we need financial assistance.

My suggestion in addition to the crop insurance situation, is to streamline the process for disaster loans where the money can go to the growers initially, when they need it, and they do not have to commit everything they own.

For a loan of \$250,000, I had to commit my entire inventory, all the property I own, both houses, my boat, my son's boat, every

truck, car, everything I own has been committed to the Government. A few months ago I bought a tractor. I have to make a monthly report to the Farmers Home Administration because I didn't get permission to buy the tractor.

I paid cash for the tractor. I had money I had made from the sale of plants. My business has been in large part restored.

It is a very cumbersome situation. It is a situation that most growers, I don't think, would have committed all their land. The amount of money that I received was really just basically a fraction of all the assets I had to commit. Granted, all my assets were tattered and torn, but it was still everything I owned. I had to put that up for that loan.

I would like to say that I very much appreciate the opportunity to be here, and I genuinely appreciate the concern that has been shown by the members of this subcommittee.

Thank you very much.

Mr. LEWIS. Thank you, Mr. Garrison.

Mr. NUSSLE. I think Mr. Garrison left.

Mr. BIRO. He had to catch a plane.

Mrs. THURMAN. We excused him.

Mr. Biro, do you have a plane to catch?

Mr. BIRO. No. I am not leaving until tomorrow.

Mrs. THURMAN. Mr. Nussle.

Mr. NUSSLE. This is probably more formal than it needs to be, Madam Chairwoman, but let me say it is a real privilege to have the opportunity to introduce the next two people, Dan Cooper, who is with us today, is the horticulturist for the State of Iowa and has been with the Iowa Agriculture Department for the past decade.

He grew up in the horticulture industry. He was responsible for spearheading the development agricultural diversification programs for Iowa and was very active in helping specialty crop growers receive assistance under the Disaster Assistance Act of 1988. Dan is undoubtedly a strong advocate for horticultural growers, but also very knowledgeable.

The other person here today from Iowa is Shirley Peckosh. Shirley also has extensive experience and background in the horticultural industry; and unfortunately, is all too familiar with the problems that plagued many nursery growers this year. Shirley's family ran a nursery business called Peck's Nursery Business in Cedar Rapids for 27 years. She currently serves as one of the managers of that business.

She is on the board of directors for the Iowa Nursery and Landscape Association. She has been active at the State and Federal landscape level. I can guarantee you that. She will be testifying on behalf of the Iowa Horticultural Society.

If I might—that is the prepared stuff—let me just say she is a sincere person. She works very hard. She is not the kind of person who sits back and whines that people cannot make a difference in their government. She goes down voluntarily to Des Moines to lobby the people down at the State level on behalf of people who are trying to do a good job in Iowa. She also comes out here for that same purpose.

More than anything else, I have to say Shirley Peckosh is a friend of mine. Not in my district. She cannot even vote for me.

Mrs. THURMAN. It looks like you have a friend.

Mr. NUSSLE. I have friends outside the district. She is somebody who understands these issues.

It is an honor to have them here today. I appreciate the opportunity to introduce them.

Mrs. THURMAN. Mr. Nussle, we appreciate that.

I will just follow up and say that we appreciate anybody that gets involved in their government and does make a difference. I hope that you let people at home know that, because we think that when people do become involved and have experiences and give us that knowledge, that it certainly allows us—and certainly with Mr. Nussle—the opportunity to carry forth those issues and those concerns on a real, live basis. If more people did that and were involved in our Government, I think we would have a democracy that all of us would be proud of.

With that, who would like to go first?

STATEMENT OF SHIRLEY PECKOSH, MEMBER, BOARD OF DIRECTORS, IOWA NURSERY AND LANDSCAPE ASSOCIATION, ON BEHALF OF THE IOWA STATE HORTICULTURE SOCIETY

Mrs. PECKOSH. Thank you very much.

Thank you, Jim, for the very nice introduction. Thank you, committee members, for giving me the opportunity to testify.

I am testifying on behalf of the Iowa State Horticulture Society; I would like to back up a minute to tell you that the commercial horticultural crop producers that I am representing here today are specialty crop growers, growers of fruits, vegetables, Christmas trees, nursery stock, and flowers.

I really could almost say ditto to what has already been said. I think we are all on the same wavelength here; that, we recognize the fact that our crops are very unique, and that our crops require very unique production techniques, especially in relationship to what we refer to as traditional row crop farming.

Also, many of our crops are perennial, requiring many years of investment in labor and care before we are ever going to harvest the crop or realize any income at all from the crop.

Some of our concerns about disaster assistance are that the USDA recognize the uniqueness of our crops and help establish appropriate disaster assistance guidelines to reflect our true crop losses. The flooding last summer hurt all of agriculture in Iowa. Our losses of specialty crops were just as real, and our loss of income was just as devastating to us as the losses incurred in traditional row crop agriculture.

The horticultural crop producers that I represent developed an issue sheet outlining some of our specific concerns. That is attached to my written testimony, and my written testimony provides details and further explains those issues. I will not go through that right now.

I just want to say that it is very obvious that there are many quirks and inconsistencies that prevent our growers from accessing assistance. I was pleased the USDA was here for a time. I, too, am very sorry that they are not here now.

I do not know who in the nursery industry the USDA talked to in developing their program for the nursery industry, but my per-

sonal comment would be that I don't think the USDA talked long enough or listened well enough, because the program is a disaster, in itself, to some nursery growers.

The USDA talked about the containers. Then there was the follow-up question about the acres of trees and that the rates and yields were going to be established by the county committees. My question would be, who on the county committee is going to be that knowledgeable of specialty crops that they are going to be able to establish guidelines, rates, yields, et cetera?

That information has to be spoon-fed to them from somewhere. I would like to know who is going to hold that spoon and feed them that information. It is coming from somewhere. I think that is very critical when we are looking at the dollars to determine the grower's losses.

I am only going to take a few more moments to tell you one story about a grower in Des Moines. He had 30 acres of specimen trees underwater last summer. This man lost 6,000 trees, trees that were 1½ to 6 inches—trunk caliper or trunk diameter.

If you have my testimony in front of you, the back page shows color pictures of some of those trees that were damaged. What I wanted to point out is just one inconsistency. If you look at the bottom picture, it shows some pine trees. The bottom half of the pines are brown, but the little part at the top is green yet.

One of the specifications for crop loss is that the trees have to be dead, totally dead. Those trees still show a little bit of green. But I can tell you those trees are lost. Who is going to buy them? They are totally unmarketable. Yet when we look at the tree assistance program, those types of trees, trees that have been significantly damaged, are counted in the mortality rate.

You have inconsistencies like this, different provisions set up that make it totally impossible to access any help or the needed help that these growers must have in order to continue in their businesses.

So my comment would be that the Federal disaster assistance program is not working for horticultural crop producers. We need to recognize the uniqueness of these crops. We need to then take a common-sense approach to making disaster assistance more responsive, more accessible to the needs of the specialty crop producers.

We urge you to make the necessary changes as soon as possible. Let's not wait for another disaster to occur and more specialty crop growers to have to suffer the same problems that we are suffering right now.

So thank you again for giving the Iowa State Horticultural Society the opportunity to testify and for inviting me here.

[The prepared statement of Mrs. Peckosh appears at the conclusion of the hearing.]

Mrs. THURMAN. Thank you, Mrs. Peckosh.

Just for your information, when we were voting, I had an opportunity to talk to the chairman; and we are going to make sure that we call some USDA representatives in—whether it is the people who were here at this table or whoever—and this testimony will be hand-delivered to them so that they have it available as they go

through their process, again to make sure that they have a real understanding of the issues that you have brought to our attention.

Next, Mr. Cooper.

**STATEMENT OF DAN COOPER, STATE HORTICULTURIST, IOWA
DEPARTMENT OF AGRICULTURE**

Mr. COOPER. I always think I am going to come and keep my demeanor and say nice things and read from my testimony, and I always find myself in a position of not doing that. Today will be no different. You do have my testimony. I appreciate the fact it will be part of the record.

I want to tell you that I find this whole business very frustrating. In 1988, during the drought in Iowa, I worked diligently; in fact, I and a colleague spent over 50 percent of our time for 6 months helping farmers access the program that the Federal Government handed down to provide assistance.

In Iowa, we are a State of primarily corn, soybeans, hogs and cattle. We also happen to be a State that produces \$110 million in horticultural crops. That has grown by almost \$50 million in the last 5 years.

We, in the mid-1980's during the farm crisis, decided that it was very important to offer the opportunity for our growers to diversify their operations so they could see a positive cash flow, because horticultural crops do not normally react in the marketplace like corn and soybeans. We found through a lot of market research and development, a series of programs could be developed to overcome the barriers that existed. The only barriers we were not able to help them with were nature and the Federal Government.

Unfortunately, we still find that to be the case.

This is the second disaster that we are dealing with. Almost all of the farmers in the horticultural industry call me before they go to the ASCS office. The reason they do that is because they are afraid. They are afraid they will be told no; they are afraid they will be denied access; and they are afraid that if they ask for help, they are only going to receive frustration in return.

I want to give you a couple of examples, and then I want to delineate the issues that Shirley talked about real quickly. I think they are important to verbalize.

I can tell you, for instance, the tree assistance program was developed to help people who lost seedlings during a drought. Because Christmas tree growers normally lose their trees under stress conditions like drought in the first 2 or 3 years, after the tree is 4 or 5 years old, you very seldom lose one from drought conditions.

However, they didn't change the program conditions for a flood. So now what we have is a program that if you lost 10,000 Christmas trees and they ranged anywhere from 1-year old to 12 years old, the only ones you would receive payment or replacement help on are the ones you planted this year or last year, 1992 or 1993. The ones that you have the most investment in, you receive nothing for, according to the TAP program guidelines.

There are also other inconsistencies. We know very well if you have an orchard and lose a crop of apples, you can receive crop-loss payments. Under the TAP program, you can also receive replant

provisions. It is very easy to see that that was done deliberately. There is no reason why that provision cannot be extended to every perennial crop producer, that both crop loss and replant provisions could be added in with simply changing the word "orchard" to "perennial." That is very important.

They also want to use historical records to determine loss. Well, if a nurseryman was planning to harvest 2,000 of 6,000 trees this year, he is going to have to take a 40 percent loss on the 2,000 he would have harvested this year. He will get paid on the remaining 60 percent of that 2,000.

Now, the other 4,000 trees that were lost, because he did not plan to harvest those this year, he will have to take that total loss himself. If you do not have an historical sales record equal to your loss, your coverage under the disaster assistance act is very limiting.

And so we would recommend that historical records not be the determining factor in calculating loss, but recognize all acres in production, not just those ready for sale.

We also need very desperately to look at the direct-to-consumer marketing channel. USDA does not recognize farmers markets, u-pick operations or on-farm markets as a market channel under the Disaster Assistance Act. They only have two prices for fruits and vegetables that they use. The processing market—and we lost 8,000 acres of sweet corn this year, destined for the processing market—and the fresh wholesale prices as established by the terminal market in Chicago.

What that means is a small grower who lives totally off of 10 acres of berries or 10 acres of vegetables will find himself in the position of getting a mere fraction because they do not recognize the marketing channel that is utilized by 80 percent of all the horticultural producers of our State. They need to, and the law requires them to, recognize marketing channels that are appropriate. They can do that and they can do that today.

They have a March 4 filing deadline for us, and if you have tree crops of any kind, you do not know whether they will be dead on March 4, necessarily. A tree can have enough energy stored within its system to leaf out, but it will not leaf out until April; but it could still die. It is very inappropriate to have a March 4 filing deadline.

I think the other thing that you need to be aware of is that while they say they have consulted the industry, I can guarantee you that that consultation needs to be more vehemently addressed and they need to work much closer with industry; and I, for one, would volunteer from the State department of agriculture on behalf of our secretary of agriculture to sit in any capacity USDA would like to help formulate policies that are more workable for the specialty crop industry.

Thank you very much for this opportunity. Thanks very much for the time that you have committed to this. I look forward to working with you in the future.

[The prepared statement of Mr. Cooper appears at the conclusion of the hearing.]

Mrs. THURMAN. Thank you, Mr. Cooper.

Mr. Biro, I apologize for not being here for your testimony. I will tell you that in kind of glancing over it—I will try to catch up—I find it ironic in all of these cases, quite honestly, in Florida with the aquaculture issue.

We have a magazine there called Florida Trend that 2 or 3 years ago did this huge layout on what was happening in Florida and Florida's industries. Aquaculture was one of the five expanding industries within the State of Florida. As we talk about jobs, expansion, when you look at where the markets are—with Germany, other places—it looks like we should be helping you, not trying to put blocks in your way when you do these things.

To both of you, it is my understanding—I was not here, but I have been watching it in other areas of the country where we have subsidy programs and quota issues, what we tried to do was get people to go into other commodities specifically for the purpose, one, it helps us with the deficit; two, it helps you because it keeps our land in farming, in doing those things.

It is ironic to me, here we are going at each other for something that we have been encouraging you to do. I hope I have not misstated that. When you said soybeans, wheat, those kinds of things, it came to mind we have been talking about these, the same kinds of issues in North Carolina with peanuts and tobacco. It makes no sense to me.

I really do not have any questions for you. I think your testimony has been very good. I will just say, as I have gone through this all day today, that I think that the main issue here, which I think was to the gist of the question I asked the USDA, who are these people that are, in fact, advising you? Do they know anything about this? And, I think it is pretty obvious that for years the USDA has only been concerned about grains and those kinds of issues and totally have forgotten a whole other group of agricultural commodities we have.

That is what my emphasis will be going to the Department and those people dealing with those issues, specifically those on the floor. I think we can even carry it as far as the deficit issue. That is what they will continue to tell us is why we are trying to do some of these issues.

We appreciate your being here. We will let you know you have our support.

I do need to let Mr. Lewis and Mr. Nussle both have an opportunity to offer any questions or comments on your testimony.

Mr. LEWIS. Thank you, Madam Chairwoman. I don't have any questions.

I want to agree with what the chairwoman said. I think your testimony is outstanding. I read it while you were talking.

Mr. Biro, you may be interested to know I have in my office an aquarium. It has 26 fish in it. They are all from Florida. It is the only one on the Hill. Every time people come in, I show them Florida fish; my staff gave that to me a couple of years ago for a birthday present. I will not mention the birthday. Nonetheless, we do brag about the Florida aquaculture.

Thank you for coming as well.

I would yield to Mr. Nussle.

Mr. NUSSLE. I want to thank you, Tom, for yielding to me and to giving me the opportunity to participate today.

I don't have any questions. I have the opportunity to visit with both Dan and Shirley on an ongoing basis.

If I might, Madam Chairwoman, I would like to make as part of the record a letter I sent to Secretary Mike Espy who, I have to say, I believe has done an excellent job in dealing with this disaster, given the opportunities, given the tools he had to work with in a difficult time. I have nothing but compliments for Mike. I would like to make this part of the record.

Mrs. THURMAN. Without objection.

[The information follows:]

JIM NUSSLE

20 DISTRICT, IOWA

COMMITTEE ON AGRICULTURE

SUBCOMMITTEES

GENERAL FARM COMMODITIES
ENVIRONMENT, CREDIT AND RURAL
DEVELOPMENTCOMMITTEE ON BANKING, FINANCE
AND URBAN AFFAIRS

SUBCOMMITTEES

FINANCIAL INSTITUTIONS SUPERVISION
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ECONOMIC GROWTH AND CREDIT FORMATION
INTERNATIONAL DEVELOPMENT, FINANCE
TRADE AND MONETARY POLICYCongress of the United States
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October 29, 1993

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The Honorable Mike Espy
Secretary of Agriculture
United States Department Of Agriculture
14th & Independence Avenue, SW
Washington, D.C. 20250

Dear Secretary Espy:

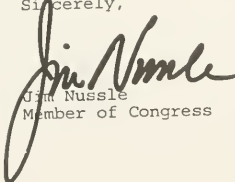
As you know, the flooding throughout the Midwest this year has caused severe damage and tremendous agricultural production losses, including many farms growing horticultural crops.

For example, I have been contacted by a number of Iowa nursery growers inquiring as to what specific USDA disaster assistance programs may be available to them. I understand that in the past there has been confusion about nursery eligibility. As such, I ask you to respond to the following requests. I hope your responses will be detailed enough to serve as a guideline to nurseries who are contemplating applying for federal assistance.

1. Please identify all of the Department's disaster assistance programs for which nursery crops are specifically eligible.
2. Please list all of the specific eligibility requirements or criteria under each such disaster program which nursery growers must meet in order for their applications to be processed and approved.
3. Please identify how many nursery growers applied for assistance under each of the Department's disaster programs during 1992; the percentage of the applicants who actually received assistance; and the percentage nursery growers represent in the total number of farmer applications for each of the disaster programs under the Department's jurisdiction.

Thank you in advance for your time and attention to this important matter. I look forward to hearing from you.

Sincerely,


Jim Nussle
Member of Congress

JN:lkt

Mr. NUSSLE. We have been asking questions on behalf of some of the folks from Iowa.

The other thing I would like to say is to Mr. Kirby, who is still here, from Florida, if you didn't hit the nail on the head, I don't know who did about photo ops. It is easy to do that when the disaster is going on. It is real easy to walk around with a wrinkled brow and show your concern, but it is tough in December after everything is maybe a little drier than it was in Iowa and a little calmer than it was in Florida to really put your nose to the grindstone and fulfill the promises you made as you were standing in front of the television camera making them.

We want to do that. The kind of people that you have sent out here from your States will be responsible enough to follow up on these questions that you have asked, on the statements you have made, and on the problems that concern your particular situations.

Hopefully, we can find some answers. The answers may not be good, but I think what I am hearing today is that if we do not get good answers, as Dan said in his closing, let's get together and figure out how to solve this so it does not happen again.

With that, I want to thank and commend the subcommittee for caring enough at this late time during the year to pay some attention to this. I appreciate that.

Mrs. THURMAN. We thank you for being here. And not to delay this, but in talking to the chairman, I think there will still be opportunities for us to consider continuing these conversations and making the USDA aware of these issues.

So we will make sure that the record will be open for 10 days.

If there are any questions or anything we can offer you, we would like to put in that information.

We appreciate your being here. Thank you.

[Whereupon, at 5:50 p.m., the subcommittee was adjourned, to reconvene, subject to the call of the Chair.]

[Material submitted for inclusion in the record follows:]

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COMMITTEE ON NATURAL RESOURCES
COMMITTEE ON GOVERNMENT OPERATIONS
(301 leave)

STATEMENT OF U.S. REPRESENTATIVE PATSY T. MINK
OF HAWAII
BEFORE THE HOUSE COMMITTEE ON AGRICULTURE
SUBCOMMITTEE ON SPECIALTY CROPS AND NATURAL RESOURCES
NOVEMBER 16, 1993

Mr. Chair and members of the Subcommittee, I am pleased that you have called this hearing to examine the effectiveness of the Department of Agriculture's crop disaster program in relation to specialty crops.

This subject is of great significance to my state and my district, which experienced the devastating effects of Hurricane Iniki in September of 1992.

Our experience in Hawaii shows that the crop disaster program administered through the Agricultural Stabilization and Conservation Service (ASCS) is inadequate to the needs of specialty crop producers following a disaster.

It is my hope that this hearing today will lead to improvements in the program and necessary changes to the law, so that farmers of specialty crops in any area of the country will not have to endure the agony and frustration, as we have, of trying to work with a system that is not designed to accommodate the circumstances of specialty crops.

The Island of Kauai, which was completely devastated by Hurricane Iniki, is a rural and primarily agrarian community. While sugarcane and pineapple account for the largest acreage on the island, a move toward diversified agriculture in recent years has increased Kauai's production of taro, papaya, avocado, coffee, macadamia nuts, bananas, cut flowers, nursery products, and other specialty crops.

However, it was these victims of Hurricane Iniki who experienced the greatest difficulty in obtaining disaster assistance. This was largely due to the fact that the crop disaster program is designed for seasonal crops and the assistance provided is based on losses in a calendar year. It does not accommodate the circumstances of year-round and tropical crops. It insists that something magical happens on December 31st, which changes the tropical fruit into a pumpkin!

Shortly after Kauai was hit by Hurricane Iniki Congress provided supplemental appropriations of \$482 million for the crops losses as a result of Hurricanes Iniki, Andrew and Typhoon Omar in Public Law 102-368. These funds distributed in accordance with the crop disaster program as outlined the 1990 Farm Bill, meant that only farmers with crop losses which occurred in the calendar year 1992 (the year of disasters) would be eligible for assistance. Too bad that our crop losses imparted our farmers in 1993 and 1994!

In addition, farmers had to experience a loss of 40 percent of their crops in 1992. Because the Hurricane did not hit until September of that year, most Kauai Farmers did not have a 40 percent crop loss for that year.

Simply put my farmers on the Island of Kauai could not qualify.

Through the combined efforts of the Hawaii and Florida Congressional delegations we were able to add language in H.R. 2118, a 1993 supplemental appropriations bill, to allow farmers impacted by Hurricanes Andrew, Iniki and Typhoon Omar to be eligible for crop disaster assistance in crop years 1993, 1994, and 1995 (P.L. 103-50). This legislation was signed into law on July 2, 1993 and the deadline set for applications was August 1, 1993.

However, even following the passage of this legislation, Kauai farmers continued to experience difficulty in applying for and receiving crop disaster assistance, mostly due to administrative actions within the Department of Agriculture rather than legislative barriers.

The farmers were instructed by the ASCS that they could not apply for compensation for crop losses in 1993, 1994, or 1995 unless they experienced 100 percent losses in each of those years! There was no legislative basis for this policy. When contacted by my office the ASCS office stated that farmers should be able to received assistance for partial losses, not just 100 percent losses. The matter was cleared up and the deadline for application was extended to September 17, 1993. Nevertheless, this confusion caused great anguish among the farmers who believed that once again the program had cut them out and let them down.

Most recently the Department of Agriculture issued a policy which denies compensation for crop losses in 1993, 1994 and 1995 for losses which occurred because of dead trees. This has virtually eliminated payments to papaya farmers on the island of Kauai. While they received some payments for crops losses in 1992, if this policy is allowed to stand they will receive no compensation for the loss of the young trees which would have bore fruit in future years. Somehow a papaya tree in the books of the Department has the life of only one year.

Mr. Chair, today over a year later, the farmers on Kauai are still waiting for the disaster assistance that was promised to them in the Fall of 1992. As of October 1993 payments for Hurricane Iniki crop losses totaled only \$115,000. The ASCS has estimated that another \$115,000 in payments will be made for those applying for losses in 1993, 1994 and 1995. At the time of the Hurricane it was estimated that \$5 million was needed to provide adequate assistance to the farmers on Kauai.

Every delay, every barrier that has been encountered through the process has brought more farmers to the brink of financial bankruptcy. The farmers on the island are frustrated, angry, and demoralized.

Perhaps the most frustrating thing, for the farmers, and for me as their congressional representative, is that funds were promised to these farmers. Upon seeing the destruction of their farms, their homes, their lives, there was this glimmer of hope when the Congress passed legislation to provide assistance, to help them get back on their feet and ultimately to survive this crisis. Yet since that day, we have had to struggle every step of the way, fighting the illogical application of the law as they written, fighting inane administrative decisions, and a general lack of understanding of the circumstances of our specialty crop farmers.

Mike Strong, a farmer on the Island of Kauai, who has worked very hard to help his neighbors and fellow farmers receive the assistance they desperately need is here today to testify about the actual situation.

Over the last decade the two largest agricultural products -- sugarcane and pineapple -- have been downsizing and phasing out operations. Most communities in Hawaii want to retain the agricultural base of their economies. Among the options is diversified agriculture and increasing specialty crops.

Specialty crops may not quickly take the place of the large plantations of yesteryear, however their importance in Hawaii's economy is undeniable. It is therefore, absolutely essential that the Department of Agriculture and the Congress recognize this fact and adjust programs to meet their needs.

The most immediate thing that can be done for the farmers on Kauai is a regulatory or legislative clarification that these farmers will be eligible for crops losses as a result of dead trees in 1993, 1994 and 1995.

In addition, the crop losses as a result of a disaster should be calculated in terms of a 12 month period immediately following the disaster, rather than using a calendar year.

Crop insurance for the variety of specialty crops on the Island of Kauai should be provided so that farmers are covered in case of disaster.

The payment factor or percentage for crop losses in the disaster assistance program should be equitable in all cases. Why should a farmer in one part of the country be eligible for 100 percent of his/her losses and a farmer somewhere else only 50 percent?

Flexibility should be allowed, so that excess funds from other agriculture disaster programs like the Emergency Conservation Program or the Tree Assistance Program could be used for crop disaster assistance, if it better suits the needs of the community.

Mr. Chairman, we need strong legislation to assure fair and equitable treatment of specialty crop farmers in the event of a disaster. We can no longer rely on departmental policies that may or may not recognize the needs of specialty crop producers. I hope that we can work together on this initiative. And again, I thank the Chair and the Ranking Minority member for their leadership on this issue.

TESTIMONY SUBMITTED BY MICHAEL STRONG
CHAIRMAN, DISASTER RELIEF COMMITTEE
KAUAI COUNTY FARM BUREAU



Kauai County Farm Bureau

Affiliated with Hawaii Farm Bureau Federation

P. O. 30

KILAUEA, HAWAII 96754

November 16, 1993

Mr. Chairman and Members of the Committee,

Thank you for the opportunity to present testimony on the agricultural disaster assistance programs. Problems after Hurricane Iniki were that farmers were ineligible for SBA loans, most did not qualify for emergency unemployment benefits or FMHA loans and no grower on the island of Kauai had ever been offered Federal Crop insurance. The USDA emergency program ECP (Debris Cleanup) was partially helpful, the TAP (Tree Assistance Program) was inadequate. The program that should have given the most assistance, the Crop Disaster Assistance program was designed for annual crops. Kauai has tropical perennial crops such as banana, papaya and tropical flowers, that are harvested all year or seasonal crops such as mango and lychee. These crops do not fit the guidelines for payments that require more than 40% losses in the year of the disaster. For our crops the real effect of the disaster is felt in the years following the hurricane for which there were no provisions. As a result of the guidelines for the Crop Disaster Assistance Program the total payments to the growers on the island of Kauai was \$115,000. Senator Inouye authored legislation that was attached to the Supplemental Appropriations bill, Pub. L. 103-50 that provides "...funds shall also be made available to producers for 1993, 1994 and 1995 crop losses if such losses were due to the occurrence of Hurricanes Andrew, Iniki and Typhoon Omar...". This was signed into law on July 2, 1993. The policy decisions of USDA have not allowed for payment for dead trees and have kept crop loss calculations based on a calendar year rather than a crop year when the real losses occurred. The formula for payment to growers under this program deducts 40% from expected production then multiplies the average state price for the crop by 60%. Any production in the year of the disaster is deducted before the 40% is subtracted from the expected production. After these calculations the final number is adjusted by a factor that is determined by how many claims have been made nationwide for that year in the program. In 1992 the factor was 50%, as this committee meets the ASCS is gathering claims and making calculations to determine the factor to be used for paying the farmers of Florida, Hawaii and Guam. The farmers in the mid-west that suffered severe flooding in August, 1993 received a guaranteed factor of 100%, these growers have received 75 million dollars under the Crop Disaster Assistance program since August. The farmers of the mid-west deserve these payments and we deserve ours, we need the factor to be held at 50%. We need ASCS directed to pay for the lost production of dead trees and we need crop years that begin the day of the disaster not on the calendar year. We need realistic yield and price standards to be used by ASCS in calculating payments.

The island of Kauai is the fourth largest of the Hawaiian islands and is home to 45,000 people. The main industry is the tourist business with agriculture the number two employer. Agriculture on Kauai is

divided into two distinct groups. The sugar plantations grow sugar on approximately 60,000 acres. These plantations gross more than the 2 million dollar income limitation for the disaster programs and are ineligible for assistance. The second group in agriculture on Kauai are the 300 full and part-time farmers and ranchers that are the group that the disaster assistance programs are designed to help.

I farm 100 acres in 10 different crops, papaya, banana, pineapple, limes, lychee, avocado, atemoya, mangosteen, durian and rambutan. In addition my wife and I own a fruit tree nursery that produces trees for our farm, the wholesale market in Honolulu and the other islands. I am Chairman for the Disaster Assistance Committee for the Kauai County Farm Bureau.

On September 11, 1992 Hurricane Iniki struck Kauai with sustained winds of 130 mph and gusts recorded as high as 200 mph. The storm was the worst natural disaster to occur in the history of the state of Hawaii. The numbers tell part of the story, insurance losses were in excess of 2.5 billion dollars. The affect on the lives of the people of Kauai and the industries in which they work was devastating. A year after the hurricane only 40% of the hotel rooms have reopened and some hotels are not going to open until 1995. The lack of tourists has meant the closing of most small businesses that support the tourist industry such as tour operators, restaurants, clothing stores, etc. The sugar plantations have suffered greatly reduced yields and this may lead to the closing of marginal operations and additional unemployment.

FEMA came to Kauai and set up Disaster Assistance Centers with various state and federal agencies represented at each center to help Kauai residents cope with the disaster. Farmers found they were not eligible for most benefits available to the general public. The SBA does not make agricultural loans. The SBA had 30 field appraisers that went to businesses in the community while each FEMA center was completely staffed with trained personnel that processed emergency loans. Farmers had to make due with FMHA loans that were administered by loan officers from other islands that rotated from week to week on Kauai. The FMHA loan program automatically disqualified anyone with more than 3 employees which eliminated most of the full time operations from eligibility. There was no continuity to the process as the loan officers changed from week to week. Six weeks after the hurricane the SBA had processed in excess of 90 million dollars in loans and the FMHA had taken only 11 loan applications and had acted on none. In addition to their inability to receive loans most farmers were ineligible for emergency self employed unemployment benefits due to the inflexible nature of the program. Some farms are incorporated which makes the farmer ineligible, other framers had made too little profit in the last 3 quarters as they were investing heavily in planting or operation expansion, these farmers were also ineligible for unemployment benefits. The growers on Kauai have never been offered Federal Crop insurance so there is no hope for income from that source to offset the 100% loss of production suffered by most farms.

95% of the farmers on Kauai did not receive any FmHA loan or emergency unemployment benefits. No farmer on Kauai received any Federal Crop Insurance payments.

The USDA utilized ASCS and SCS staff from other islands as well as University of Hawaii agricultural extension agents to go out in field

and assess damages. After the initial effort most of these people returned to their home offices leaving a skeleton crew to administer the on going ASCS disaster assistance programs. The local ASCS staff have been excellent in their performance to help the farmers, however, their hands were tied when it came to policy decisions and program rules.

The ASCS program with the most promise for helping growers with their lack of income from the disaster was the Crop Disaster Assistance program. As the rules of the program were announced it became clear that few framers on Kauai would qualify for assistance. The program states that crop loss assistance is for crops that lost production in the year of the disaster. Whatever production had occurred in the disaster year was deducted from the mandatory 40% deduction in the program formula. Most crops on Kauai are either harvested year round such as papaya, banana and tropical flowers or have more than one year growing period and the farmer has many fields of different ages. In either of these cases the grower is ineligible for assistance because he has already been harvesting his crops for 8 months which puts him under the 40% minimum production necessary to qualify for assistance. This same grower will have little or no income for the next 2 to 3 years because his production for the years following the disaster is zero. The Crop Disaster Assistance program is designed strictly for growers of annual crops and is prejudiced against growers of perennial and tree crops.

An example of how totally inadequate the program was for our farmers is the case of one papaya grower. He had 21 acres of papaya that were beginning to produce fruit in September when they were all killed by the hurricane, the first years production from this orchard would have been one million pounds. He received \$2400 in Crop Disaster Assistance payments for a crop that had a value of \$350,000. This comes out to 20 cents per tree or the value of one half pound of fruit per tree.

Another example is the case of a exporter of tropical flowers. This farm cuts flowers every day of the year so when the hurricane hit in September of 1992 they had already harvest 75% of their crop for the year making them ineligible for the Crop Disaster Assistance program. This farms flowers were destroyed and this business had no income for the following year. They received no assistance from the program.

Banana growers harvest their crop every week of the year and were all ineligible for the Crop Disaster Assistance program.

As a result of the nature of the crops grown on Kauai the total amount of payments from this program totaled \$115,000 for all the farmers on the island of Kauai. Clearly legislation was needed to rescue the farmers. In May, 1993 a contingent of 3 farmers from the Kauai County Farm Bureau went to Washington to meet with Senator Inouye to ask him for his assistance. Senator Inouye authored legislation that was added to the Supplemental Appropriations Bill, Pub. L 103-50 which provides that "...funds shall also be made available to producers for 1993, 1994 and 1995 crop losses if such losses are due to the occurrence of Hurricanes Andrew and Iniki and Typhoon Omar...". The bill was signed into law on July 2, 1993.

The farmers on Kauai were told to wait until notified to pick up applications. Applications were not available until the middle of August even though the filing deadline was September 17. At no time were any individual farmers, grower groups or extension agents

contacted by the ASCS Washington staff for details concerning the nature of crops on Kauai. There was no information from clients to the decision makers that would have helped set a policy that truly assisted farmers.

The simplest way to have administered the program would have been to begin the crop disaster payment year on the day of the hurricane. This would have assisted all growers of all crops without the inherent prejudice of using the calendar year. Trees that had been harvested in the year of the hurricane but prior to the disaster would be covered, crops harvested weekly would have been covered. The decisions on policy that came out of Washington carried out neither the spirit or the letter of the law. There was to be no payment for production lost from dead fruit trees, yet there was to be one lump sum payment for dead nursery stock! Both of these crops were to be harvested in the years 1993, 94 and 95 yet one is to be paid and the other not.

An example of how the policy works: a grower of papaya that had 100% dead trees on 20 acres that could have been harvested in 1993, 94 and 95 would receive payment for what fruit was on the tree when the disaster occurred that would have been harvested in 1993. Farmers expect this payment to amount to \$3000 or 1% of value of what the crop would have produced in 1993 alone. This amount comes to 5% of what it cost to bring the 20 acres into production. If production for dead trees was paid for the farmer would receive approximately \$25,000 with a factored payment of 50%.

In addition, the papaya farmer that was able to plant a new crop in November or December of 1992 will have whatever production he is able to harvest in 1993 deducted from the yield that was to have been harvested from the trees destroyed in the hurricane. The farmer is being penalized for farming. In retrospect the best course of the farmer would have been to prune his trees so they were still alive and not plant any crop until the end of 1993. This course would have made him eligible for full payments for his papaya.

A grower of lychee trees that spent approximately \$10,000 per acre bringing his trees to production over 5 years sustained 60% tree death. He will receive no payments for lost production.

For some orchard crops such as papaya, limes and lychee that had close to 100% tree death it means that there will be no Crop Disaster Assistance payment whatsoever. This decision to not pay for dead trees flies in the face of the law that Senator Inouye authored and the farmers of Kauai requested.

Bananas produced no crops from the day of the hurricane until one year after the hurricane then produced some fruit from September 1993 until December 1993. The farmer was given no assistance for the crop he would have harvested from September 1992 until the end of 1992 because he had already harvested for the other 8 months of the year and that production counted against him. In 1993 the production from the field that occurs from September to the end of January counts against his lost production so his 4 months of production from September 1992 to January 1993 is never given assistance and his 1993 production is counted against his disaster payments. This means a grower will be paid for 6 months of losses even though he sustained one year of crop loss. This is the problem with a strict calendar year for all crops.

TAP (Tree Assistance Program) was a good program for some growers and

totally inadequate for others. The payments to growers averaged around 15% of the cost of actually planting the tree in the ground and no assistance for the ongoing cost of keeping the plant growing. A total of \$175,000 was paid to farmers on Kauai under this program. The first payments were received by growers in March of 1993. The second payment was to be made after the national pool was settled. Farmers on Kauai did not receive their second payment until the end of July, a full 2 months after Florida. The growers on Kauai were told by Florida farmers that they had already received their second payments and Kauai farmers had to inform the Honolulu ASCS and Senator Inouye's office of the situation before they were paid the second payment. Payments under this program need to reflect the real cost of replanting orchards not just the initial cost of fertilizer and the tree.

The ECP or "clean up" program was well administered and checks were issued in a timely manner. The program pays for 64% of the first \$62,250 of costs incurred by the farmer. The question is where does the farmer get the other 36%?

In summary: farmers are ineligible for SBA loans, 95% of the growers on Kauai received neither FmHA loans or emergency unemployment insurance. Federal Crop Insurance was never offered to any of the growers on Kauai. 2 million dollars were spent under the ECP program, \$175,000 was spent under the TAP program and \$115,000 was paid farmers under the Crop Disaster Assistance Program. Clearly the TAP and Crop Disaster programs are not designed for helping the grower on Kauai.

Most farmers on Kauai have been living on their savings, homeowners insurance payments and state and private loans. After Hurricane Iwa ten years ago there was no Crop Disaster Assistance program and the number of full time farmers fell by 60% as they were unable to continue without income. In the Moloaa Papaya Coop membership went from 27 growers in 1982 before Hurricane Iwa to 9 growers at the time of Hurricane Iniki.

Imagine yourself without unemployment insurance or health insurance, a damaged house insured by a failed insurance company with a family to support and a farm that is going to require \$100,000 of money to put back together. There will be no income of any sort for one year from the time of the disaster and the help from the federal government is about 5% of what you lost. When you look at things in this light you see how the future looks to most farmers on Kauai.

The good news is that there are some immediate solutions to the Crop Disaster Assistance program which will help farmers on Kauai now.

Direct the USDA to pay farmers for production for dead trees for the years 1993, 1994 and 1995 as is the intent of the legislation.

Direct the USDA to use a crop year that reflects the 12 months of crop loss and not use the calendar year.

Guarantee that the 50% factor used to calculate payments to farmers will be used regardless of the national pool. (transfer unused money from the ECP and TAP programs to the Crop Disaster Assistance program).

Use crop production yields and prices that reflect the variety and location of the growers for calculating payments, don't use state averages that are unrealistic in yield and prices.

Long term solutions:

Put SBA back in the farm loan business or create some realistic loan programs for FmHA and loan officers that are familiar with growers.

Have a emergency agriculture unemployment insurance program based on gross income not quarterly profits.

Streamline and speed up the process for making crops eligible for Federal Crop Insurance.

Make the first \$25,000 of ECP money 100% funded by government.

Have full time staff stay at disaster location until programs have issued checks.

Washington representative from USDA meet with farmers, commodity groups and extension agents quarterly to be sure policy is meeting the needs of the farmers.

Design TAP so it reflects the real costs of replanting farming operations.

STATEMENT BY BRUCE R. WEBER
AGRIC TABILIZATION AND CONSERVATION SERVICE
 . DEPARTMENT OF AGRICULTURE
 BEFORE THE
SUBCOMMITTEE ON SPECIALTY CROPS AND NATURAL RESOURCES
 COMMITTEE ON AGRICULTURE
U.S. HOUSE OF REPRESENTATIVES
 NOVEMBER 16, 1993

Mr. Chairmen and members of the Subcommittee, I am pleased to testify today on how the Agricultural Stabilization and Conservation Service (ASCS) and the Commodity Credit Corporation (CCC) administer the disaster assistance programs in the case of citrus fruits, nursery crops, and trees, particularly those losses suffered due to a natural disaster in 1992. Before I do that, I would like to briefly review the most relevant statutes that apply to such losses.

As you are all aware, the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101-624) provides the general framework for crop-loss assistance, such as the rules for determining eligible production losses and corresponding payment rates for eligible crops, and for cost-share assistance on replacing or rehabilitating orchard and forest-crop trees destroyed or damaged due to eligible disaster conditions.

Public Law 103-50, The Supplemental Appropriations Act, FY 1993, requires that unallocated funds originally designated for eligible quantity losses in 1990, 1991, and 1992 be used to make crop-loss payments for quality losses in 1990, 1991, and 1992. Also, producers with 1993 through 1995 production losses due to Hurricanes Andrew and Iniki and Typhoon Omar would be eligible for crop-loss assistance. Public Law 103-50 further specifies that eligible disaster benefit claims be totaled and prorated by a factor not to exceed

the rate used in administering Public Law 102-229 and Public Law 102-368, which was 50.04 percent, with factored benefits then being made to eligible producers.

Additionally, Public Law 103-75, The Emergency Supplemental Appropriations for relief from the major, wide spread flooding in the midwest act of 1993, appropriates funds for 1993-crop losses suffered due to damaging weather or related conditions in 1993 and provides for the use of CCC funds under certain conditions in order to make payment at 100% of the producers eligible claims. The proration factor is set at 100 percent.

For your convenience, I have attached a brief summary of the legislation covering appropriations for 1990 through 1993 crop losses.

That said, let me move on to how we administer disaster assistance programs for citrus fruits, nursery crops, and trees. I will discuss crop-loss benefits first, and then conclude with a brief description of cost-share assistance for producers who replace or rehabilitate orchards and forest trees.

In the case of citrus fruits, we determine a producer's historical marketings or production for different markets, such as the fresh and juice markets. We then calculate expected and actual production for each market. Secondary market provisions apply if the producer has a history of selling in one market, such as the fresh fruit market, but because of the fruit's quality the producer is forced to sell in another market, such as the processed market. In

such a case the value of the "excess" fruit sold in the secondary market is deducted from the payment the producer receives for eligible losses in the primary market. I've included an example for your review.

Nursery crops include plants, trees, and shrubs that are container grown or are for sale as transplants. Producers of nursery crops intended for sale in the applicable disaster year are eligible for crop-loss assistance if all other eligibility requirements are met. Such producers are not eligible if they were not for sale in the applicable disaster year. Owners of nursery trees and plants that were destroyed regardless of when they were intended for sale may be eligible for tree assistance program (TAP) cost-share benefits if the producer chooses to replace or rehabilitate such trees or plants. I'll discuss TAP in greater detail later.

As you know, many nursery crops come in containers. A nursery crop may come in different container sizes, each carrying a different price. Also, similar nursery crops having the same container sizes may carry similar prices, or they may have different prices. Clearly, there are a large variety of plants, container sizes, and prices. Because of this, we have attempted to standardize the common units of production to determine expected and actual production as a basis of determining if eligible losses have occurred.

Our State Agricultural Stabilization and Conservation (ASC) committees, with assistance from the nursery industry, divide nursery crops into groupings containing species with like value, yield, and hardiness, determine species that cannot be grouped with other species, and

determine rates for each of the 5 years before the disaster year by grouping and container size. Once a standard unit is determined, expected production is calculated as the average of the actual units sold for the previous 3 years. Actual production in standard units is compared to this amount to determine if the 40 percent loss threshold has been met.

We are handling nursery crop losses in 1993, 1994, and 1995--when such losses are due to the occurrence of Hurricanes Andrew and Iniki or Typhoon Omar--somewhat differently from the procedures just described. In general, nursery crop losses are determined by calculating one loss for crop years 1993 through 1995. To do this, our county ASC committees determine what was on hand before the disaster and what was remaining after the disaster. The difference between those two inventories is what was destroyed by the disaster, that is, the loss. The loss exceeding 40 percent of the pre-disaster inventory is considered an eligible loss. We use the crop-loss payment rate we established for 1992 losses in each applicable "grouping" to calculate a gross payment. Payment limitations are applied for each year separately by determining the production loss that would have been sold in each year, 1993 through 1995. The county ASC committee makes this determination based on considerations such as types of plants and a nursery's history of sales. Finally, we will adjust the claimed payments by the national factor, as set forth by Public Law 103-50.

Production losses associated with trees damaged, stunted, or killed by Hurricanes Andrew and Iniki and Typhoon Omar are treated under the same rules we apply to losses for crops in general. Under Public Law 101-624, Producers production losses are determined based on

the expected production for the year compared to the actual production of the crop for the year. This approach is consistent with our policy that the expected production for damaged trees is less than the expected production prior to a disaster.

Beginning with the implementation of the 1988 disaster program, CCC determined that if trees were destroyed, the loss of production would be eligible for crop-loss assistance only in the year the trees were killed. We do not believe a basis exists for making crop-loss benefits available for losses from trees that are not capable of production.

Having said that, let me point out that many producers in Florida and Hawaii had harvested their 1992 crops before the hurricanes struck, so no 1992 loss occurred. However, the trees were budding or blooming for 1993 production. Because the expected production for 1993 was destroyed, we consider this to be an eligible 1993 loss, and we will make crop-loss payments under the terms of Public Law 103-50 for 1993. The expected production for 1994 and 1995 is zero. Therefore, there are no disaster benefits for those years.

In years prior to 1992, trees have been destroyed by freezes in California, Florida, and Texas, by Hurricane Hugo in South Carolina, and by other natural disasters. The December 1990 freeze in California destroyed 70 percent of the citrus trees that were 5 years old or younger. Nevertheless, this policy has remained unchanged since 1988.

The Tree Assistance Program provides cost-share payments to owners who incurred orchard tree, forest seedling, and nursery inventory tree losses in 1992 due to hurricane, typhoon, freeze, drought, earthquake, or related condition.

Payments are being provided for the amount of loss on each individual mortal stand that exceeds 35 percent of the stand, adjusted for normal mortality. Payments will provide 65 percent of the cost to replant or rehabilitate that portion of the loss that exceeds this 35 percent, plus the normal mortality.

Payments are only authorized for eligible owners who actually replant or rehabilitate eligible trees or nursery inventory. To qualify, orchard tree owners must own not more than 500 acres of orchard trees, and forest tree seedling owners not more than 1,000 acres of forest trees. No such acreage limitation applies to nursery inventory losses. Finally, the owner of a given type of nursery tree or plant may be eligible for benefits under both TAP and the crop-loss assistance program. However, a producer may receive benefits on the given nursery tree or plant from only one program, not both.

This concludes my statement, Mr. Chairman, and I will be happy to respond to questions.

Nonprogram Crops Produced for Different Uses: The Case of Oranges

Suppose a producer's history indicates that 50 pounds of oranges are produced and sold in the fresh fruit market and 50 pounds are sold in the juice market. The producer's actual production because of a disaster is 60 pounds, all of which is sold in the juice market. Other key components of the equation are that the loss threshold in accordance with Public Law 101-624, is 40 percent (ie., the producer may receive benefits on losses exceeding 40 percent of expected production), and that the crop-loss payment rate is equal to 65 percent of the previous 5-year olympic average of prices for the relevant crop and market. Let's suppose the respective calculated payment rates are \$1 per pound and \$.50 per pound, respectively, and the producer received \$0.40 per pound for the 60 pounds of oranges sold in the juice market.

Let's also suppose the respective calculated payment rates are \$1 per pound and \$.50 per pound, respectively, and the producer received \$0.40 per pound for the 60 pounds of oranges sold in the juice market. The expected production for the fresh fruit market was 50 pounds, and there was no actual production. Thus, the producer is entitled to crop-loss benefits on 60 percent of 50 pounds, at a rate of \$1 per pound, less the salvage value of the 10 pounds sold in the secondary juice market that were in excess of the historical marketings in that market. The salvage value is the "excess" sold in the secondary market, 60 pounds sold minus 50 pounds historically expected, times the price actually received of \$0.40 per pound, ie., $(60 - 50) * \$0.40 = \4.00 . The producer's crop-loss payment would equal \$26, ie., $(0.60 * 50 - 0) * \$1 - \4 . A prorated factor, if applicable, would be applied after this calculation.



**FLORIDA NURSERYMEN
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**TESTIMONY BEFORE THE
U.S. HOUSE AGRICULTURE COMMITTEE
SUBCOMMITTEE ON
SPECIALTY CROPS AND NATURAL RESOURCES
NOVEMBER 16, 1993**

Mr. Chairman and members of the committee, I am Earl Wells, Executive Vice President of Florida Nurserymen and Growers Association, located in Orlando, Florida. Our association represents the nursery, landscape, retail and allied segments of the industry with a membership of approximately 1800.

Thank you for the opportunity to appear before you today on behalf of the nursery industry of Florida and the nation.

One of my primary purposes in appearing today is to dispel and hopefully remove from the thought process the idea the nursery industry in this country is NOT AGRICULTURE.

Unfortunately there is a mind set among many who sit in influential places in government - federal and state - that the nursery industry, we prefer to call it environmental horticulture, does not qualify as agriculture.

Allow me to share with you a few facts, which I trust will remain in your recall regarding our claim to agricultural status:

\$9 BILLION DOLLARS. That's the estimated cash value of nursery and greenhouse crops in 1992 compiled by the USDA's Economic Research Service. NOTE: USDA complies these statistics!

Nursery and greenhouse crops rank sixth in total cash receipts among all farm commodities in the U.S., NEARLY 10 PER CENT OF ALL FARM CROP RECEIPTS, RANKING AHEAD OF WHEAT, COTTON AND TOBACCO.

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Nursery and greenhouse crops rank in the top five commodities in 23 states and in the top 10 in 42 states. Nurseries employ an estimated 43,000 persons on a year round basis and 102,000 during peak seasons.

You will find commercial nursery production in virtually every state in the nation, except possibly Alaska. I'm not sure any other agricultural commodity can make that claim.

HOW CAN ANYONE TAKE THE POSITION THE NURSERY INDUSTRY IS NOT AGRICULTURE?

Having cited national statistics, let me focus briefly on Florida. The nursery industry is valued at more than \$1 billion in Florida, we produce over 55 per cent of the nation's tropical foliage plants and the industry is a vital segment of the economic foundation of the state.

I have cited these statistics to make a point of the fact that disaster assistance programs do not recognize the needs of the nursery industry. Hurricane Andrew, Hurricane Iniki and this spring's floods in the midwest call this shortcoming into focus.

Despite the overwhelming statistics and the tremendous damage brought on by the natural disasters, agencies which address these issues do not seem to recognize the difference between nurseries and other agricultural industries.

Agency officials do not seem to understand that the nursery industry is a multi-year crop in many instances. It may take, two, three, four or sometimes five years for a crop to reach maturity.

Agency officials do not recognize the intense nature of investment and production of nursery crops, which many times are grown on small acreages. A large nursery may appear to be very small when considered against a giant wheat, corn or cotton farming operation.

Due to the high value of our crops, they must be protected with chain link fences. But agencies dealing with our industry refuse to recognize those needs. A nursery owner in Homestead, Florida has just as much risk involved with his crop as a sheep or cattle farmer in Montana or Texas.

Disaster programs on their face create a perception, which more often than not cannot be realized. We hear so much rhetoric, communicated by the media, that every person impacted by a disaster will be the beneficiary of some sort of assistance program.

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That simply is not the case. The testimony you hear today will prove the opposite. It will make you aware of the red tape and qualifying nightmares growers have to contend with in their attempt to receive assistance. In many cases, they are totally shut out of the assistance process.

Let me share just one incident of bureaucratic bungling which stands out in this scenario. The ASCS has a program called the Environmental Conservation Program (ECP) which is one of the few, if not the only assistance program that requires cost sharing on the part of the participant.

LET ME REPEAT THAT STATEMENT: THE ECP IS ONE OF THE FEW, IF NOT THE ONLY DISASTER ASSISTANCE PROGRAM THAT REQUIRES COST SHARING ON THE PART OF THE PARTICIPANT.

When funding for this program was appropriated, it was short-changed by millions of dollars. Remember now, this is not a hand-out program, but one that requires participants to put up a share of their own money to qualify for assistance.

Many growers who were devastated by Hurricane Andrew made business decisions based on the fact that assistance would be forthcoming and they would share the costs. A few weeks later they would be told that the funding was being cut by 50%.

Admittedly, after months of wrangling, additional funds were restored, but the damage was already done to many growers.

Simply stated, most of the disaster programs do not consider the unique needs of the nursery industry. There is a mind-set by those who administer the programs that the industry isn't agriculture. And, the programs that would involve cost sharing are not being properly appropriated.

We honestly hope this hearing will send a wake up call to those who make the decisions to simply recognize the nursery industry in the nation for what it is.

THE NURSERY INDUSTRY IS AGRICULTURE AND IT HAS SPECIFIC NEEDS WHICH DO NOT APPLY TO OTHER SEGMENTS OF THE AGRICULTURE INDUSTRY.

THANK YOU FOR YOUR ATTENTION!



**Professional
Nurseryman**

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**THE EFFECTIVENESS OF FEDERAL DISASTER
ASSISTANCE FOR NONTRADITIONAL AGRICULTURAL
CROPS.**

The following written testimony will be presented by Richard Gallant to the U.S. House of Representatives Committee on Agriculture, Subcommittee on Specialty Crops and Natural Resources, on Tuesday, November 16, 1993.

Honorable Charlie Rose
 Chairman, Subcommittee on
 Speciality Crops and Natural Resources
 U.S. House of Representatives
 1301 Longworth House Office Building
 Washington, D.C. 20515-6016

Dear Mr. Chairman,

On behalf of myself and the entire farming community of Dade, County, Florida that was affected by Hurricane Andrew, I wish to express our appreciation for allowing us this opportunity to present our views on the effectiveness of federal response in providing assistance for this disaster.

My involvement in this is twofold. I am the owner and operator of a foliage nursery in Homestead, and Chairman of the Dade Chapter of the Florida Nurserymen & Growers Association (FNGA) Disaster Assistance Committee.

This committee was formed in April of this year at the urging of the membership, and charged with the responsibility of monitoring all relevant legislation and regulations governing the disaster assistance programs and then to convey our recommendations to the appropriate agencies within the USDA.

Although this committee originated within the FNGA, the membership includes representatives from all sectors in the farming community since most of the issues affects us all.

The objective of financial disaster assistance programs should be to minimize the disruption of the affected community, and this is best achieved by ensuring the survival of the major employers in the area. Therefore, the criteria for maximizing the effectiveness of the program should reflect this objective.

Agriculture is a billion dollar industry and major employer in the South Dade area affected by Hurricane Andrew. The Industry's total employment impact is in excess of 23,000 jobs (Ref. Economic Impact of Agriculture and Agribusiness in Dade County by Ann Moseley).

The approximately 800 nurseries that comprise the Commercial Ornamental Horticulture provides over 5,000 of these jobs.

The photographs provided at the end of this text can only attempt to illustrate the complete devastation suffered by this industry.

In terms of our particular experience with Andrew we feel that there are three distinct stages to the process.

1. The first stage should be pre-payment to producers to allow them to commence clean-up operations immediately. Ideally these funds should be made available within one month of the disaster.

This serves two important functions. First, it keeps money flowing through the system to allow individuals to meet financial obligations and so reduce one source of stress. Second, it is very important for morale for both employer and employee.

This goal was achieved in a very limited way through advance ECP payments, but these funds were quite insignificant when viewed against the background of the enormity of the destruction.

The local ASCS office should have the flexibility to make significant advances under the program based on their assessment of the damages, and the variation in cost that would be incurred by different types of operations.

For example, the clean-up costs incurred by a nursery that utilizes shade houses should be significantly higher than those of an operation without these structures, assuming that in both cases the intent was to salvage as much as possible.

In the particular case of the victims of Hurricane Andrew and Iniki and Typhoon Omar, this was further aggravated by the reduction of the original ECP funding promised by ASCS by fifty percent. This decision came at a crucial time in the recovery effort and served to further discourage producers who had already committed their already limited resources to the clean-up effort. As a result, of this and faced with an uncertain future, some made the decision to abandon efforts to salvage their operation or simply bulldozed what was left to minimize costs.

Fortunately this decision was eventually reversed by Secretary Espy when \$31.4 million dollars was reprogrammed from the Conservative Reserve Program (CRP). Unfortunately it was already too late for some.

2. The second stage of the assistance program should concentrate on getting the bulk of the disaster payments, in this case Tree Assistance Program (TAP) and Disaster Assistance Program (DAP), into the hands of the producers as quickly as possible, preferably within six months of the event.

In order to achieve this goal effectively a number of things must happen. First, the regulations must be written to ensure that when they are implemented qualified producers will receive appropriate funds. Secondly, they must be available to the local ASCS office quickly so they can start computing payments. Finally, they must be given support to allow them to meet deadlines.

All producers were satisfied with the way TAP program was written and administered, particularly nurserymen, who were included in this program for the first time.

However, the regulations pertaining to DAP, initially, offered very little assistance to most producers. The effect of this program on tropical fruit growers and aquaculture farmers will be dealt with in detail by other speakers, but I will expand on this issue as it pertains to nurserymen.

When we were made aware of the legislation written for disaster assistance we were all very optimistic because it was clear that the intent of the legislation and the funds allocated should have provided significant relief. The only exception to this was that we could not understand why provisions made under Public Law 103-50 singled out victims of Andrew, Iniki and Omar to have our allocation factored ($\times .5004$) by a formula employed in 1990 disaster payments when it was obvious that sufficient funds were initially available to pay the full \$100,000 limitation normally applied.

In addition when the regulations that governed DAP were applied to nurserymen most got very little in spite of losing the majority of the majority of their inventory. This is because the regulations were written for traditional ASCS program crops and cannot be applied to nurseries which are year round operations in which case the crop is actually the inventory at the time of the loss.

Again, fortunately, this issue was resolved favorably under provisions from the 1993, 1994 and 1995 crop loss legislation.

However, this does suggest that ASCS in Washington is not sufficiently versed in Specialty Crops and should defer to their committees for recommendations in these cases.

The major unresolved issue under DAP is the decision by ASCS not to pay for loss of production from trees killed. This primarily affects the Tropical Fruit Growers, but also applies to nursery stock plants.

This position is entirely illogical since payments are being made for production losses from damaged trees for 1993 - 1995. It is obvious that a producer whose trees have been totally destroyed faces an even greater loss than the producer whose trees were just damaged. As long as that producer intends to replant he should receive at least the same level of assistance.

The last part of this second stage of assistance would be making final payments for ECP clean-up and irrigation repairs. Here, an extended period of at least one year should be allowed for completion. ASCS has been very understanding on this issue.

3. The third and last stage of the assistance program should be to provide low interest loans to help producers rebuild and recoup some of their losses. It is important to remember that even if the producer is able to benefit from all these programs, at best, he will only recover a fraction of his actual losses, and the percentage is worse for larger losses.

Two choices available to producers are loans provided under Farmers Home Administration and the Business and Industry Guaranteed Loan provided under RDA.

The FmHA program is attractive because of the low interest rate, but many producers are discouraged and intimidated by the process which is very tedious and requires that all assets be pledged as collateral regardless of the size of the loan.

Limits should be set for the amount of collateral required of the borrower and the application should be simplified.

The Business and Industry Guaranteed Loans Program is less tedious and does not offer the lower interest rate of FmHA.

Public Law 103-50 had provisions to reduce the interest rate on these loans but apparently the statute expired before the RDA published regulations to implement this authority. So, although the legislation was written, producers were not able to take advantage of this provision.

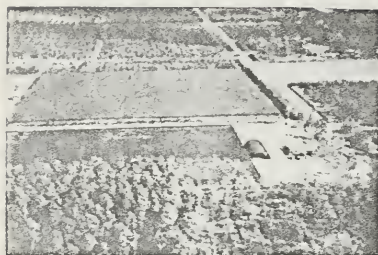
The most attractive option here would be the Business & Industry program with the interest rate buy down.

In concluding we appreciate the effort that has been made by all the agencies involved to make the meaningful changes that have been implemented over the past few months to make the program better serve our needs and to include us in programs such as TAP and fencing.

We also want to thank all of the elected officials who made the legislation possible and who assisted us to raise some of these issues with the appropriate officials.

(Attachment follows:)

BEFORE



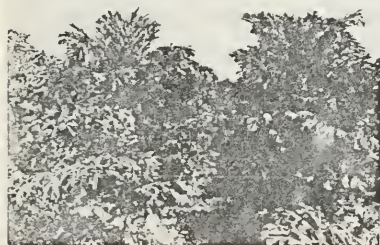
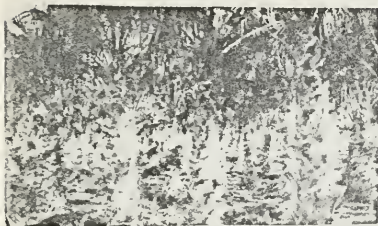
AFTER



BEFORE



AFTER



Testimony on Response to Disaster & Disaster Assistance

BY
REED OLSZACK
County Chairman
Dade County, Florida
ASCS

The Honorable Charlie Rose, Chairman
Members of the Sub-Committee,

I am W. Reed Olszack, a farmer in Homestead, Dade County, Florida. I am involved in the rebuilding of south Dade County agriculture on 3 levels. Primarily as a grower since 1983 of 20 acres of specialty tropical fruit. My crops are as follows: carambola (star fruit), litchi, longan, sugar apple, atemoya & avocado.

Secondly, I have been employed since 1976 as a production manager for J.R. Brooks and Son, Inc., in Homestead. I am responsible for production, planting through harvest, of some 10 different tropical fruit crops.

Lastly, I have been serving for the last 3 years as County Chairman of the Dade County Florida ASCS Committee. I have had broad exposure to the challenges and opportunities in the aftermath of Hurricane Andrew. Therefore, my comments will primarily cover ASCS related issues.

I would first like to address the initial response to the disaster by ASCS. The concern and promptness by ASCS at the State and Federal level was appreciated. The county committee was charged with establishing pricing guidelines for debris removal and site cleanup. We were also asked to give estimates in total cost of cleanup and acres affected. We canvassed as many growers as possible under obviously extreme conditions. Lack of phone and electric service made the task extremely difficult. Public meetings were held within weeks of the disaster to inform producers of programs available and sign up

requirements. At these public meetings ASCS officials from Washington assured the producers that they would receive a 64% cost share for debris cleanup. Hearing this, many producers made decisions to rebuild and rehabilitate based on this information.

After receiving estimates from the county and state ASCS, Washington decided to reduce the cost share by 50%. The reason given by Washington was that the county committee had grossly underestimated the cost of cleanup after the disaster. In fact, a fax memorandum, dated September 8, 1993, 9:06am clearly shows an estimate of \$75mm. This figure is within a few million dollars of the actual cleanup costs submitted by producers. This sent a shock through the agriculture community, as producers felt they were betrayed by both local and Federal ASCS officials. The local office bore the brunt of many angry and abusive producers who felt frustrated by this retraction of the original stated cost share percentage. By this time many producers had used their savings and insurance money advanced to them on their private homes to take emergency measures to preserve what was left of their agriculture enterprises.

Ultimately, when the numbers are compared, the original estimates by the the local committee are very close to the actual dollars per acre that have been paid. In fact, the local committee's estimate of damage and cost of rehabilitation was significantly more accurate than the insurance industries estimates of damage from Andrew to the private homeowner. In the future some method should be devised to eliminate any "knee jerk" reactions by Washington to the legitimate needs of producers in a disaster of this magnitude.

All during the initial phases of this disaster the county office was continually being besieged with requests for information and estimates. Every individual whether staff or committee member was under extraordinary pressure to put their lives back together much less meet deadlines from Washington for estimates. In the future, more credence & confidence should be placed in local and state county offices. To second guess producers & staff who have intimate knowledge of their industry is counter productive.

In the administration of the various programs, debris cleanup, irrigation repair, tree assistance and disaster payment (crop loss) the county office grew from a staff of 7 pre-Andrew to as much as 44 workers. Obviously there was a steep learning curve for all involved. Some inconsistencies developed with the day to day administering of the numerous programs. Input should be requested from county Executive Directors and program assistants for ideas and recommendations to streamline and avoid gaps in the system.

Support for the local ASCS office at times was lacking. I personally reiterated to Washington ASCS a request from the county office for 2 'PC' type computers to calculate payments. These were needed to streamline the uploading of data to Kansas City for payment determinations under the Disaster Assistance Program. I requested these computers on September 8th in conversation with numerous ASCS administrators. To this date the local office has not received all the computer components in working order. This has placed a harsh and undue burden on not only the local ASCS staff but the county committee as well. Working in the private sector, it is unconscionable that a

manager can not supply a staff with the necessary tools to complete a job under guidelines set at that manager's level.

Finally, I would comment upon the level of interest that ASCS has taken in the plight of the disaster victims. In my contacts with Washington I have experienced everything from deep concern and commitment, especially at the local and state level, to a casual and somewhat cavalier attitude by certain parties at the Federal level. I truly believe that many individuals did not fully grasp the magnitude of the disaster and its effect on the producers and employees in the agriculture industry of Homestead.

On a positive note I would like to commend ASCS for stretching the interpretation of some guidelines. Most notably was their willingness to allow producers to receive advance payments on cleanup and debris and irrigation. Another help was the faith in the local committee that enabled us to request and receive extensions of cleanup and irrigation deadlines. Certainly, ASCS showed great sensitivity in these matters.

I would like to bring to your attention a great problem that is presently unresolved. As of November 9, we in the state of Florida have no state ASCS committee. The political process that was engaged in the selection of committee members smacked of patronage and 'business as usual' practices. Dade County will finally be recognized and represented as the powerful agricultural economy it is if the committee is seated as now proposed.

Moving on to other matters, I was dismayed and disheartened by Secretary Espy's recent ruling to exclude dead trees from crop loss payments for 1993, 1994, and 1995. It is clearly the intent of the legislation PL 103-50 to mitigate the effect of Hurricane Andrew on the

producers in Dade County. Specifically for lime growers this decision has given them little in the way of crop loss. They were excluded under the 1992 crop loss program due to the fact that at the time of the disaster they had harvested greater than 60% of their total volume for the year, however they had only realized 20-40% of their income. Due to the total devastation of Hurricane Andrew the majority of lime groves suffered 100% mortality. This further excludes them from subsequent crop loss payments, as they become ineligible under ASCS guidelines.

What in effect has happened is that an industry of 6200 acres has now been decimated to 1200. Most lime growers are either not replanting or taking a wait and see attitude. The majority of limes are imported from Mexico and this development has increased the offshore market share. Also, 2 large packing houses employing at peak season some 1000 packing house workers and probably 300-500 harvesters annually are now standing idle. The economic effect of this easily reaches into the millions of dollars. According to the report 'Economic Impact of Agriculture and Agribusiness in Dade County Florida', written in 1990, total gross resales for limes were \$28.5mm. Using the job multiplier of 47.129 per \$1mm in sales this represents 1343 jobs directly affected by the demise of the lime industry.

The same argument may be made for the other fruit crops grown, however, limes certainly represent the most dramatic reduction economically.

Much of the land that was in lime production has been converted to row crop farming by leasing the properties to traditional row crop farmers. The former lime growers receive no additional revenue here

other than a small lease payment that pays taxes and leaves little left over. There have also been outright sales of land at deeply discounted prices. Also, ornamental nurseries have taken advantage of this development to expand their production acres. This may prove to be a negative development as oversupply and low prices are already impacting the nursery industry. This is but one example of the ramifications of the loss of one segment of agribusiness in Homestead, Dade County.

Finally, Dade County ASCS County Committee projects that out of 800 producers of tropical fruit on average 500 producers will be eliminated or reduced in payment due to dead trees. Producers had difficulty comprehending the logic behind the ASCS determination that because their trees were destroyed therefore they had no production therefore they suffered no crop loss. The effect of this decision reduces disaster payment to \$3mm on a 3 year crop loss of approximately \$150mm.

On a personal note, as a grower of 20 acres of tropical fruits, I find myself having to replace over 50% of my trees, that were destroyed in the disaster. Only receiving TAP payments for those trees will not provide me with sufficient capital to rebuild my groves. TAP money will not provide the capital required to grow these trees for 3-7 years while awaiting a crop. A crop loss payment would go a long way in re-establishing these groves to pre-Andrew conditions.

Federal crop insurance would help to mitigate the effects of a disaster of this proportion. One of the problems is that the majority of these tropical fruits are grown in a concentrated area. Therefore, the risk is too great for an underwriter to enter into a policy with

producers. Perhaps tropical fruits might be included in a larger pool with citrus or some other fruit crop to spread the risk.

I was gratified to see the enactment of PL 103-50 which authorized subsequent year crop loss payments to producers. However, it may be interesting to see just how much of the +/- \$300mm actually is received by victims of Hurricane Andrew and what amount is paid under the Crop Quality Adjustment Program to producers of the 11 or so commodity crops. Potentially a situation may develop where many producers benefit from the misfortune of a few and the original intent of the legislation becomes subverted.

To address future concerns regarding disaster relief I would like to submit selected text from memorandums written by Karen Eskelin, Dade County CED, ASCS. The following is taken from a memo of March 1, 1993, to then Deputy Under, Secretary of Agriculture, Charles R. Resnick.

"A concern is that Disaster Assistance Program funds will not help year round industries. Timing of the natural disaster can be the sole determinant of DAP benefits to nursery and tropical fish industries which suffered multi-year crop losses. These industries are likely to have sold nearly 60% of their calendar year sales at the time of the storm and will receive DAP monies only if a 1993 Disaster bill is signed. Many will not survive. Crop insurance was not available or inadequate for these industries at the time of the storm.

Defining the inventory of a nursery or fish farm at the time of loss as the "crop" and eliminating the "calendar year" language for these year round operations would qualify growers for disaster benefits now. (For row crop farmers, an improved definition of a "crop" limited to a winter, spring, fall season had been instituted

after severe 1989 Christmas freeze.) Redefining "crop" for nursery/fish producers could help compensate growers for a \$150 million crop loss and infuse 35 to 45 million (based on full DAP funding, not considering the .5004 DAP factor) into the local economy.

Operating capital is critical to pay wages in these labor intensive/year round industries where business survival and jobs are closely tied. This industry contributes in excess of 120 million yearly to the local economy. Approximately 900 nursery operations as well as their 5000 skilled employees would benefit from a change in "crop year" definitions. Growers have come to the ASCS office seeking help to meet payrolls, they have never applied for assistance before and do not understand how they can lose so much inventory and not qualify for the Disaster Assistance Program.

The third concern is that of lime, mango, lychee, and other tropical fruit growers (40+ million gross income loss, 1993) who are faced with the multi-years maintenance of their trees with little or no income. Many have been eliminated from any compensation under DAP because the 1993 crop or the majority of it had been harvested; without a 1993 Disaster Program these growers will not receive assistance.

These growers are aware that when Valencia oranges did not fall into the 1989 Disaster Assistance Program because of their harvest season, a special sign up with a supplemental allocation was provided for Valencia oranges by Congress. Lime, mango, lychee and other tropical fruit producers that fall into this group would like a similar provision. Tropical fruits contribute 68 million to the economy and employ 3,060 people.

Other issues that have been brought to the attention of our office are: 1. That the fish producers would like their brood stock covered under a program similar to TAP. 2. That the large growers are in as much trouble as those with less than a 2 million dollar gross and wish to participate in TAP/DAP 3. Growers feel ASCS offset of FmHA loans defeats the purpose of obtaining loans."

I have also enclosed a copy of a letter from Dave Cartano, Past President of the Tropical Fruit Growers of South Florida. In it he explains the unique nature of the tropical fruit industry and some remedies.

I would be remiss if I did not acknowledge and thank the many officials both elected and appointed for their assistance in resolving many of the day to day issues surrounding the disaster programs. Both USDA & ASCS have shown a willingness on several issues to expedite matters. The county committee certainly appreciates the extension of deadlines with regard to cleanup and irrigation practices. Of great help to the producers were the advance payments that immediately placed dollars in the hands of agriculturists rebuilding. I wish to thank Congress for their sensitivity in appropriating additional funding for the hurricane victims and Secretary Espy for expediting the transfer of funds from the Conservation Reserve account to the Emergency Conservation Program.

In summary I would offer the following recommendations for future disaster program administration:

1. Immediately assist local committee to assess damage, cost of cleanup and rehabilitation. There occurred a breakdown in the information flow between local county committee and Washington ASCS.
2. Authorize advance payments to producers similar to FEMA's response to private citizens. Perhaps a voucher system could be utilized to prevent too many "cash" transactions.
3. Redefine crop year as it pertains to nurseries, tropical fruit and agriculture. Most crops do not fit into a calendar year.
4. Take into account production loss for subsequent years on crops that require many years to come into commercial production.
5. Streamline computation and log-in procedures to expedite claims at the county committee level.

6. Make available Federal Crop Insurance to limit excessive claims and funding shortfalls for future disasters.

7. Reduce paperwork requirements to process FmHA loans.

8. Reduce collateralizing requirements on FmHA loans to avoid tying all a producer's assets to a fraction of their value to secure a loan.

9. Review TAP payments to producers of long term tree crops destroyed by a disaster. There must be some measures to stimulate replanting of orchard crops.

10. Allow local and state offices more discretion on payment procedures and guidelines.

11. Streamline internal movement of funds from programs within USDA to expedite appropriations where shortfalls and surpluses occur.

Finally, sustainability of agriculture has been a subject of much discussion lately. One component of agricultural stability is dependence on a stable climate and environment. In times of catastrophic disasters this stability is undermined. Here is where the federal government, specifically USDA can play a role in the preservation of an economically sound and multi-generational industry which historically has been agriculture's role in the economy of our country.

(Attachment follows:)



Tropical Fruit Growers Of South Florida, Inc.

Honorable Senator Bob Graham
United States Senate
Courthouse Tower
44 W. Flagler St., Suite 1715
Miami, FL 33130

October 22, 1992

RE: USDA Agricultural Soil and Conservation Service
Hurricane "Andrew" Assistance, Dade County Tropical Fruit
Crops Industry

Dear Senator Graham:

As you are aware, South Dade County recently suffered from a devastating hurricane (August 24, 1992). Most of the tropical fruit crops industry had a total crop loss and virtually all fruit trees are severely damaged or were destroyed.

Tropical fruit crops account for at least 15-20% of Dade County's \$1 billion dollar a year agricultural industry and employs over 3,000 people full time. Because of the extent of plant damage and crop loss we believe recovery from this Presidentially declared disaster will take a Congressional Bill similar to the "Drought Assistance Act of 1988". The reason for this is that the existing ASCS Crop Disaster Assistance Program does not adequately address crop losses sustained by Dade County's unique tropical fruit crop industry.

Currently, the ASCS program addresses the needs of growers who plant seasonal crops such as wheat and corn that are grown and harvested within a calendar year. Thus ASCS disaster payments are based on seasonal crops and losses. In contrast, many of the commercial tropical fruit crops grown in South Florida have cropping cycles that are nearly continuous (harvested during parts of two years) (e.g., avocado, carambola), or are planted in one year and harvested in the second year (e.g., papaya, banana), or take 18-24 months from flowering to harvest (e.g., mamey sapote), or flower in one year and produce their crop in the second year (e.g., carambola, limes, lychee, mango). Please find enclosed a table of those tropical fruit crops effected by the categories above.

As outlined above and as evident from the enclosed table and examples, the needs of South Florida's tropical fruit

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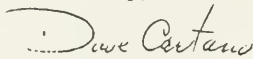
Senator Graham
page 2

growers cannot be met by the current criteria of the ASCS Crop Disaster Assistance Program. We feel the following points must be included in a Bill to adequately address the needs of South Dade's tropical fruit crops industry.

1. The qualifying criteria for crop loss assistance should be a loss of at least 40% of the crop during the fiscal year following the disaster as opposed to a loss of at least 40% of the crop during the calendar year in which the disaster occurred.
2. The section which deducts the amount of crop sold during the calendar year must be omitted for the formula used to calculate the actual amount a grower receives for losses, because the calendar year will not be used as a measure of time.
3. Congress must pass a special appropriation of funds that specifically addresses the long term nature of the disaster caused by hurricane "Andrew" because ASCS only has funding for the current year and program.

In closing, we hope this letter clearly defines our concerns and needs and the problems faced by the South Dade tropical fruit crops industry as it rebuilds from the aftermath of hurricane "Andrew". Our grower membership will greatly appreciate your support and cooperation in this matter and look forward to hearing from you promptly. Please contact us at the address listed on the letterhead and/or contact me, Dave Cartano at 305/233-3885 (home) or 305/284-6762 or Mr. Fred Rutzke at 305/247-7946.

Sincerely,



Dave Cartano, President
Tropical Fruit Growers of
South Florida, Inc.

cc. Ms. Karen Eskelin, ASCS
Mr. Tom Kirby, Dade County Farm Bureau
Mr. Dan Botts, FFVA
Dr. Jim Davidson, Univ. of FL, IFAS
Mr. Juan Guzman, Florida Mango Forum, Inc.
Mr. James Humble, Lime and Avocado Adm. Committee
Senator Daniel K. Akaka
Senator Daniel K. Inouye
Mr. James Nakatani, Hawaii Farm Bureau
Mr. Wendell Koga, Hawaii Farm Bureau
Gov. Lawton Chiles

Table: HARVESTING SCHEDULE FOR COMMERCIAL
TROPICAL FRUIT CROPS IN SOUTH FLORIDA

Fruit crop	Harvest season
Avocado	June to March
Lime	All year
Mango	May to September
Carambola	June to March
Banana	All year
Papaya	All year
Lychee	June to July
Longan	July to August
Guava	May to February
Mamey sapote	April to October, December to February
Atemoya/sugar apple	July to December
Kumquats	October to February
Passionfruit	May to March
Sapodilla	February to June
Jackfruit	All year
Black sapote	December to March
Canistel	All year
Pummelo	September to February

Please find below several examples of why the tropical fruit crops grown in South Florida that do not fit into the current ASCS Crop Disaster requirements.

1. Tropical fruit crops like papaya and banana are planted and harvested over a twelve month period or more. Thus it may be impossible to incur the required 40% crop loss in the remaining 4.5 months of 1992.
2. Tropical fruit crops like avocado, carambola, guava, and passionfruit have cropping seasons that straddle two years. For example, some carambolas (5% of the crop) and avocados (12% of the crop) were harvested before the storm. However, carambola and avocado season would have been from about June through December of 1992 and January to March of 1993. In most cases, they lost much more than 40% of their crop for the 1992-93 season.
3. The flowering to harvest period for mamey sapote is 15 to 24 months. Their current crop was destroyed (May to October and December to February) and trees will not produce another crop for the next two or more years.
4. For some fruit crops such as limes, mangos, lychees, and longans entire groves were destroyed. This means their total loss will last from 3 to 6 years from replanting.
5. California citrus growers recently lost most of their Navel orange crop due to a freeze. Unfortunately, the freeze also damaged the Valencia orange trees to the point that their crop for the next year was also lost. As a result, the Valencia crop was covered by the ASCS Crop Assistance Program.
6. Analogous to the Valencia crop loss in California, are the 'Tahiti' limes tree in South Florida in bud at the time of the hurricane which have lost their crop for the early 1993.

Honorable Charlie Rose
 105 Cannon House Office Building
 Washington, D.C. 20515

We have been requested to testify concerning current administration of disaster assistance programs, programs responsiveness to special needs of specialty crops, specific problems and potential solutions.

SPECIAL NEEDS:

1. Comparable treatment to the wheat, corn or oats growers. (For example: Wheat growers can be paid 65% of their production loss and also collect crop insurance. If they were prevented from planting they can collect disaster at the 65% rate.)
2. To establish the value of the loss that occurred.

SPECIFIC PROBLEMS:

1. Providing three years sales records.
2. In case of orchard trees, payments for the loss of production for subsequent years. (Dead trees, replaced young trees, or severely pruned trees do not produce normal crops for several years.)
3. Obtaining information and preventing fraud.
4. Nursery crops and aquaculture crops do not fit the customary pattern for field crops. (Instead of one crop per year, there may be continuous turnover of inventory)

SOLUTIONS:

1. Establish crop insurance for all crops. Consider using dollar value as a basis to reduce the cost of insurance. In specialty crops the amount of crop left may be worth more than the whole crop. Guaranteed yields are more workable when there are large storage stocks because there is usually less price fluctuation.
2. Crop insurance would provide protection for those with over 2 million of sales.
3. Crop insurance could minimize the amount of fraud because the agents would have established that the crop existed prior to the disaster.
4. Crop insurance would be more equitable payment to growers because they would be paid based on the value they had insured.
5. USDA could better control the costs to the taxpayers.

IF CROP INSURANCE IS NOT ESTABLISHED:

1. Require that all crops be reported to ASCS offices to be eligible to collect disaster payments when they are planted. Require that perennial crops or orchards report when there is a stand or fruit is set.
2. Pay growers based on the growers' own yields.

Thank You,

Eugene C. Badger

The Effectiveness of
Federal Disaster Assistance
to the
Aquacultural Producers
in
South Dade County

Written Testimony on
Major Problems and Solutions
faced by Producers of
Tropical Fish and Aquatic Plants
in South Dade County, Florida

By :
Richard Biro
on behalf of the Aquaculture producers of South Dade
County

Before the
U.S. House of Representatives
Committee on Agriculture
Subcommittee on Speciality Crops and Natural Resources

November 16, 1993

Background Information on Florida Aquaculture:

According to figures provided by the Florida Department of Agriculture, aquaculture accounted for \$54 million in revenues for 1991, ornamental fish and aquatic plants accounted for 73% of that figure or \$39.6 million. There are over 300 ornamental fish and aquatic plant farms in Florida, utilizing 8,000 acres of land and directly supporting 1500 families. Ornamental fish and aquatic plants are the number one commodity shipped out of the state by the airlines. Airlines carry 20,000 to 25,000 cartons of ornamental fish and aquatic plants, accounting for in excess of 350,000 pounds of cargo out of the state weekly to airports across the country, and worldwide. Annually airlines realize over \$4 million in freight revenues from tropical fish and aquatic plants.

95% of all ornamental fish and aquatic plants raised in the United States originate in Florida. Ornamental fish farming is considered by many experts in aquaculture to be in its infancy, due in part to the emphasis the ornamental fish producers are placing on expansion of markets into Europe, South America and Asia.

Specifics on South Dade County Aquaculture:

Like all producers of agricultural products in South Florida, the tropical fish and aquatic plant farmers were devastated by Hurricane Andrew. Initial reports estimated the physical losses to the Aquaculture producers to be \$15 million. The figure for economic loss from the 1992-95 growing season will equal the physical loss of \$15 million for a total of \$30 million.

Major Problems faced by Aquaculture producers in South Dade County:

Soon after Hurricane Andrew, most of the South Dade growers of tropical fish and aquatic plants were notified by Marine Extension Agent, Don Pybas that a meeting was being held to offer any assistance applicable to Aquaculture members. Once the County Committee officers of the ASCS became aware of the existence of the aquaculture producers, they attempted to assist us to the best of their ability. Also at this time, I was asked to become an advisor to the ASCS by the county commission. Information was given on clean up assistance and other Federal disaster relief programs available through the U.S.D.A.. However, lack of policy and guidelines at the U.S.D.A. hampered quick and effective efforts to provide the much needed disbursements of disaster assistance.

To begin with, there was no bank that was willing to loan out money to aquaculture producers, due in part to a fear, on behalf of the banks that with all the devastation the fish farmers might not be able to recover. Even more frightening, another fish farmer had a guaranteed mortgage with the

FmHA, however when he went in for the closing he was told that the deal had fallen through because Tropical Fish Farmers had been removed from the eligibility list by the U.S.D.A. One producer of tropical fish and aquatic plants met with Diane Sharp and Karen Eskilin of ASCS as well as Witt Chase and Ann Harding from Senator Graham's office and a representative for Senator Connie Mack's office, 2 months after the storm, ASCS took pictures of his farm, which was right in the middle of the disaster zone and so took a direct hit. Although the ASCS representatives witnessed the devastation to his farm first hand, without the proper guidelines they were unable to provide him with funds for his losses, even after he supplied them with 3 years of income tax returns to substantiate his figures for the 9 employees it took to run his farm, an example of how drawn out and confusing the program is, the farmer applied for assistance on September 2, and has only gotten one half of his clean up money to date. ASCS questioned his claim because they felt his claim was too high, based on the size of his farm.

Another fish farmer, to date has received only 1/2 of the clean up funds he was awarded. This is in spite of the fact that he has supplied every piece of documentation requested. To make matters worse, his file is constantly being lost.

Yet another fish farmer, a widow who is trying to keep her farm afloat, has not received one cent of the money she has applied for, and it has been over 15 months since Hurricane Andrew, to keep her farm going she has had to use money she had set aside as well money that she received for losses to her personal property, along with loans from family and friends. She is quick to point out that all the people she has dealt with at ASCS have been polite and have assured her that she will get the money.

One farmer who specializes in rare fish, which are raised here in South Dade County and then shipped to Germany for European distribution, argues that the 60-40 rule for crop loss should not be based on sales for the calendar year. Many of the fish are two years old when sold. The sales figure for 1992 consisted mostly of fish from the prior year's production. The crop loss will continue into the 1995 growing season. This is the case for most of the grower's in South Dade. Another source of aggravation was the confusion that resulted from the documentation required to process the grants. One farmer was told one thing by one ASCS representative and another farmer another thing by another ASCS representative. A substantial amount of time was required to fulfill the requirements. Please take note of the fact that after the Hurricane rental property was almost non-existent, so there were few employees and all the clean up work as well as the day to day work had to be done by the farmers and their families.

One very large problem the aquaculture producers are facing is, our inability to qualify for the Tree Assistance Program or TAP. TAP provides ornamental nursery producers with funds to restore their brood stock plants. Ornamental aquaculture brood stock is used in the same manner, to produce inventories for sale. The inability of the aquaculture producers to enter into this program has left damaged tropical fish farms financially unable to replace brood stock. Since it

takes 6 months to 2 years for tropical fish to mature to breeding size, without the funds we are forced to sell possible brood stock that survived the storm in order to pay mounting repair and day to day operating costs.

There is a consensus in this area that the USDA, wants to eliminate non-traditional crops from traditional as well as disaster assistance programs.

Solutions to Major problems faced by Aquaculture producers in South Dade County:

The simplest way to eradicate most of the confusion encountered by the aquaculture growers, is to simply introduce an agency wide definition of aquaculture as agriculture as well as the proper supporting language within the U.S.D.A. If the U.S.D.A. were to take this first step, there would be no need for the confusion that was encountered at every turn by the aquaculture growers in South Dade County should a disaster of the magnitude of Hurricane Andrew hit any other region where there are aquacultural concerns.

If the afore mentioned step were taken, then there would be uniform mandates and requirements, thereby enabling ASCS to release funds at a much quicker rate, also with definite guidelines there would be no foot dragging or dancing around the major issues which all the fish growers are still facing. If aquaculture were recognized as agriculture then there would be no question of our eligibility for the Tree Assistance Program and instead of selling off our future brood stock, to survive, the funds would be available to purchase additional fish to replace our losses.

In addition, if a committee of aquaculture experts were able to come in and evaluate the losses and damages, and authorize the disbursement of at least a partial payment for losses immediately, we would not be facing the problems we face today, 15 months after the storm. With the system in place now, most of the farmers down here are still waiting for the review of some claim or another and when a deadline approaches everything comes to a standstill as the new claims are reviewed. This is due in part to the lack of adequate numbers of personel and delay in getting equipment in the local ASCS office. On November 12, 1993 the local ASCS office finally got needed equipment that they requested nine months ago.

Closing Statment:

In closing, although Hurricanes are not a threat to the nation as a whole, there is not one region with aquacultural concerns that does not sit in the path of one disaster or another, the problems that were faced here in South Florida, will be identical in any other region, some even worse. By setting up guidelines, definitions and protocols to be followed, the delays could be cut down to a minimum, providing much needed help quickly and effectively.



**IOWA
STATE
HORTICULTURAL
SOCIETY**

Wallace Building
Des Moines, IA 50319
515-281-5402

*Federated Garden Clubs of Iowa
Mid-America Regional Men's
Garden Clubs*

*Iowa Rose Society
Iowa Regional Lily Society*

*Iowa Fruit and Vegetable
Growers Association
Iowa Nursery and Landscape
Association*

Society of Iowa Florists and Growers

Iowa Nut Growers Association

*Iowa Christmas Tree
Growers Association*

Iowa Irrigation Association

Iowa Turfgrass Institute

Iowa Arboretum

ISU Horticulture Club

*Iowa Community College
Horticulture Representatives*

*Iowa Golf Course
Superintendent's Association*

Iowa Bonsai Association

Iowa Arborist Association

*Iowa Woodland Owners
Association*

Iowa Honey Producers Association

*Iowa Professional Lawn Care
Association*

TESTIMONY OF SHIRLEY PECKOSH
Before the
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON AGRICULTURE
Subcommittee on Specialty Crops
and Natural Resources

November 16, 1993

Mr. Chairman and Members of the Subcommittee, I have worked at our family business, Peck's Green Thumb Nursery, for twenty-five years. We have a retail garden center, flower shop, greenhouses, landscaping division and nursery production fields. I am also on the Board of Directors of the Iowa Nursery and Landscape Association. I am providing testimony on behalf of the Iowa State Horticultural Society. We appreciate this opportunity to present the views of our Iowa commercial horticultural crop producers regarding disaster assistance.

Our group is comprised of over 750 active business members and another 300 associate members from the Iowa Fruit and Vegetable Growers, Christmas Tree Growers, Florists and Growers, and Nursery/Landscape Producers. During the farm crisis of the 1980's, many of Iowa's farmers were encouraged to diversify. Consequently, our membership grew as high value specialty crop production became a more vital aspect of Iowa's agriculture economy.

This summer's record rains and flooding in the Midwest devastated agricultural enterprises throughout Iowa and caused many of our horticultural producers to suffer unprecedented crop losses. Horticultural production often means planting one year and tending the plants for multiple years before ever harvesting the crop. This is a very unconventional production experience requiring unique production methods, in contrast to traditional row crop farming. We ask that you recognize the uniqueness of our crops and help establish appropriate disaster assistance guidelines to reflect our true crop losses.

The Iowa horticultural industry has prepared a paper (that is attached to this testimony) outlining seven issues we feel need to be addressed in order to make disaster assistance accessible to specialty crop producers. I would like to go through those issues to better explain our concerns.

ISSUE 1: The practice of using a producer's historical records to establish a cap on total eligible yield for a given crop is unjustly restrictive. Historical records certainly assist in determining prospective yields for future crops on the same acreage, if the same crops are planted and the same production methods are used. However, past marketed quantities should not be the only factor utilized and should never be used solely to reflect the total eligible yield. This practice ignores the total crop loss. For example, growers may have put new acreage into production several years ago and are now ready to harvest from the new field. While this new field may have no historical record of ever producing a marketed crop, this would certainly reflect a crop loss if destroyed. The USDA fails to recognize this new increased crop simply because there are no historical records to substantiate the crop. This, in effect, penalizes a grower who increases production. Yet, this increased crop would represent a market value and would reflect increased dollars for the grower had it not been destroyed by the disaster.

The following is the example that I used with our state ASCS. Suppose my nursery business had been retailing 100 three foot white pines for the past five years. Several years ago I decided to plant and grow my own instead of buying them from another grower. This year the pines were large enough to harvest. Before I could dig them, the rains came. The pines were flooded and killed. So I went back to my wholesale grower, bought 100 pines from them again and sold them all, just as I had done in the past. Now I have sold 100 pines this year and had historical records of selling 100 pines each year. Therefore, according to ASCS I have no loss; meaning the 100 dead pines in my field do not exist. So in order to access any assistance, I needed to lose my crop in the field and then close my doors to my customers. I would be penalized for buying in plants to service my customers and continuing to try to earn an income.

In determining crop loss, we ask that the USDA recognize all acres in production or designated for production and harvest that were damaged by the natural disaster.

ISSUE 2: The price differential between marketing channels on fruits and vegetables is not afforded the producer in determining eligible assistance. Although the Disaster Assistance Bill specifies that appropriate marketing channels be considered in determining the rates to calculate crop loss payments, this is not happening. Instead, only the processing market and wholesale fresh market are being recognized.

The major marketing channel for most Iowa fruit and vegetable growers is the direct sale to the consumer or retail market. The vast majority of our producers sell direct through farmers' markets, roadside stands, or on-farm markets. These growers split their production to produce smaller quantities of many varieties of fruits and vegetables in order to offer a wide

selection to their customers. These crops are sold in their own stands at the higher retail prices. A grower may be earning a living off of seven acres by selling his crops at retail prices while it may take 25 or more acres at wholesale prices to realize the same income. For example, a grower would rarely, if ever, receive less than 50 cents per pound on tomatoes through direct market sales. Yet, the ASCS has set assistance payments based on the Chicago Terminal Market, which reflect the lowest wholesale price in the country. Also, the grower must suffer a 40% crop loss before the grower could even qualify since federal crop insurance is not available for these crops in Iowa. This means that the grower would receive payment on only 60% of his total crop at a small fraction of the price that he would have realized had the disaster not occurred. The USDA must be more responsive to realistic payment for crop losses.

We fear that nursery and Christmas tree growers may face the same situation, as most of these produce for their own retail sales, as well.

Accordingly, we request that the USDA acknowledge and utilize direct-to-consumer or retail marketing prices, when applicable, on all horticultural products.

ISSUE 3: The March 4, 1994 filing deadline is premature with respect to perennial crops in northern regions. Believe me when I say the weather in Iowa in early March is unpredictable! I cannot remember ever seeing plants showing any growth that early in spring in Iowa. To have March 4th as a filing deadline is unrealistic. Plants are still very dormant at that time. Even extending the date to later in the spring of 1994 is unsatisfactory for determining plant viability. Many plants may minimally survive under stress for a period of time following exposure to adverse conditions like flooding. However, these plants may very well succumb to death or be, at the very least, severely damaged to the point of being unmarketable. Moreover, plants under stress are very susceptible to disease, insect, and related stress problems in the future.

Nursery growers who had their fields flooded to the extent that any plants were lost, would practically be forced to consider all the plants lost until they prove otherwise. These growers have their business reputations at stake and cannot risk selling plant material that is not completely healthy and may not live. To ask them to do otherwise would certainly be unethical and unfair to their customers.

Since it may take a minimum of two years to determine the true extent of damage, we ask the USDA to extend the filing deadline for perennial plants until at least July 1, 1995.

ISSUE 4: Trees must be totally dead to be eligible for crop loss assistance. In the ASCS Handbook, Tree Assistance Program 1-TAP (Revision 1), it states, "A live tree that has been significantly damaged to the extent that its market value has been significantly reduced is considered lost and thus eligible for TAP and should be included in the total mortality rate." TAP covers only orchard trees and Christmas and forest tree seedlings. However, under the crop loss program that covers nursery trees produced for horticultural purposes, trees must be completely dead to be considered a loss. This is obviously a double standard.

It is important to point out that trees grown for horticultural or landscaping purposes and are in any way scarred, damaged, or stunted have significantly lessened or totally lost their market price. No customer is willing to pay for a weak, damaged, stunted, or half dead tree. Our business practices will not allow us to offer damaged plant material for sale. Therefore, those plants are a total loss to the nursery grower, but not to the USDA. However, forest tree seedlings that are planted for harvest twenty years or more in the future for lumber or pulp are considered lost by the USDA if they have been damaged or stunted.

As such, we ask for uniform definitions in determining mortality. The TAP definition should transcend to the crop loss program.

ISSUE 5: A perennial that is itself the end product (i.e., shrubs) or one in which a crop is to be harvested (i.e., strawberries) that is damaged by a natural disaster is not eligible for replacement assistance. The loss of a perennial plant means the loss of the initial price of the young liner and the years of labor invested growing the plant, as well as, loss of future income generated from the plant at harvest time. The very nature of perennial plants involves production over multiple years. This is very important and needs to be recognized.

A grower may easily have two or three years invested in producing a shrub, and certainly longer in producing specimen trees or conifers, only to have the plant destroyed by a disaster. A grower's income for the harvested year is lost but, just as important, it will take a substantial investment to replant and at least two, three, or more years of time to get the plant back to the same stage of development as it was before the disaster.

For example, an asparagus grower may receive assistance on the crop that the grower was unable to harvest due to the flooding last summer, but if the grower's plants were damaged or destroyed to the extent they will not bear a crop, the grower's future income is lost for next year and ensuing years.

The policy is already established for one of our crop areas. Apple producers receive crop loss assistance and also qualify for TAP to replant their lost trees. Without help to replant

perennial crops, the investments (plant purchases, field preparation and planting, and time waiting for harvest) may be insurmountable for growers.

We ask that assistance be given to replace or replant all dead or significantly damaged perennials.

ISSUE 6: Any tree that was planted prior to 1992 is ineligible for assistance under TAP. TAP is set up so that Christmas tree growers may receive assistance to help defray the costs of replanting seedlings that were planted in 1992 and 1993 and were lost due to the disaster. We have not yet received a ruling from the Iowa ASCS on whether Christmas trees that are scheduled for harvest this year, but destroyed, will be eligible under the crop loss provision. It takes an average of seven or eight years to produce a pine for a Christmas tree. Seven years of investment for which the first two and perhaps the last year are eligible for disaster assistance. If a tree is in its fifth year in the field and destroyed, it will take the grower at least five years to get the tree back to its present size and at least seven years before the grower will receive any income from the tree.

It is regressive to assist a grower with a relatively small investment of one or two years and ignore those growers who have a much larger investment. The message that the growers receive is that the smaller the loss, the greater the assistance.

Accordingly, we ask that replacement assistance be provided on all trees regardless of age.

ISSUE 7: Nursery trees do not qualify under TAP. Nursery producers who suffered damage from Hurricane Andrew received assistance under TAP provisions. This same coverage is not afforded to producers of nursery stock in the Midwest who were devastated by the flooding. Yet, we face the same situation with losses due to a natural disaster. Our trees are just as dead and our lost income is just as tragic to us.

Given this fact, we ask that all disasters be treated equally and that nursery trees lost through natural disasters be eligible for coverage under for TAP, as well as crop loss.

In closing, I would like to relate to you the story of one Iowa horticultural grower. I have attached pictures of this grower's business. He had thirty acres of specimen trees under water, which on some days was fifteen feet deep. These trees ranged from one and a half to six inch trunk diameter. Some of the trees had been in the field for ten to twelve years. Many of the trees died right away and some were even snapped off by floating barrels and debris. However, some appear to have a little life.

Unfortunately, all the trees are lost to this grower since he would never dream of selling any when they were under water or in saturated soil for four months or more and under such stress. He has done some research and checked with other Midwest growers on replacing the 6,000 trees that he lost. The grower calculates that the wholesale catalog price of the trees is over \$581,000. That does not include freight to get them shipped to his nursery, labor to replant the trees, cost of disposing of the dead trees, or preparing the soil for replanting. He has computer inventories with prices but certainly does not have exact historical records of exactly how many of each variety of tree has been harvested out of his field over the past years. Even the most accurate historical sales records would not have reflected the fact that this year nearly every tree was at a marketable size and that all were ready for harvest and for sale. Perhaps not all would have been dug and sold, but those that were not would have been left to grow another year and been worth that much more. Now the grower has lost them all. His federal assistance will be very little in comparison to his loss, and, in fact, may be nothing unless he can produce just the right records.

This is just one example. I could relate many other stories about Christmas tree growers who had five foot trees uprooted due to soil so soggy that a little wind blew them over, or about growers in southeast Iowa who lost entire crops of strawberries, tomatoes, peppers, and melons.

Mr. Chairman, thank you again for giving the Iowa State Horticultural Society the opportunity to testify. We know that you and the members of this committee recognize the value of specialty crops and appreciate all the risk and hard work that goes in to their production. We hope you will consider our suggestions for making disaster assistance more accessible and more responsive to the needs of specialty crop producers, and especially the perennial crop producers. I will be happy to provide you with any additional information or try to answer any questions that you may have now or in the future.

(Attachments follow:)

THE commercial horticultural industry in Iowa, which was affected by the great floods of 1993, wishes to make the following recommendations concerning the administration of the Federal Disaster Assistance Program.

WE as an industry contend that the following issues place an undue hardship on horticultural growers. Inequities exist between different production regions and the treatment given different national disasters. In addition, horticultural production is a unique and entirely different cropping experience, as compared to traditional row crops, and should be afforded suitable methods of calculating loss.

ISSUE 1: The practice of using a producer's historical records to establish a cap on total eligible yield for a given crop is unjustly restrictive.

Argument: Allowing ASCS to adopt the practice of using a producer's historical records solely to identify total eligible yield per producer, based on past marketed quantities, unjustly ignores total crop loss. This penalizes a producer with increased/additional production, which did or would have possessed a market value if not for the destruction by the natural disaster.

Remedy: Recognize all acres in production or designated for production that were damaged by the natural disaster.

ISSUE 2: The price differential between marketing channels on fruits & vegetables is not afforded the producer in determining eligible assistance.

Argument: The Disaster Assistance Law specifies that there be recognition of appropriate marketing channels in determining the rates for calculating crop loss payments. Currently the only marketing channels recognized include the processing market and wholesale market. This totally ignores the direct from grower to consumer (retail) market where the highest prices are realized and where the majority of Iowa horticultural products are sold by Iowa producers.

Remedy: ASCS should acknowledge, identify & utilize direct-to-consumer marketing prices, when applicable, on all horticultural products.

ISSUE 3: The March 4, 1994 filing deadline is premature with respect to perennial crops in northern regions.

Argument: Perennial plant materials are still dormant in the northern growing regions of this country at the time of the filing deadline. In addition, it can take up to two years for the true extent of damage to be known on plant materials following exposure to adverse conditions, due to a plant's ability to minimally survive on stress.

Remedy: Extend the filing date under all provisions of the Disaster Assistance Act, for perennials, until July 1, 1995.

ISSUE 4: Trees must be totally dead to be eligible for crop loss assistance.

Argument: The Tree Assistance Program (T.A.P.) recognizes that severely damaged trees, stunted to the extent that their market value has been significantly reduced, are considered a loss and eligible for assistance.

Remedy: A definition of eligibility, like that under T.A.P., should transcend to the crop loss program.

ISSUE 5: A perennial that is itself the end product (i.e., shrubs) or one in which a crop is to be harvested (i.e., strawberries) that is damaged by a natural disaster is not eligible for replacement assistance.

Argument: Significant loss exists if the future income generating capability of a perennial plant has been prematurely destroyed and unexpected additional investment is required of the grower in terms of time and cost in order to again reach that level of production which existed prior to the disaster.

Remedy: Assistance should be given for plant replacement on all dead or significantly damaged perennials, regardless of when the last crop is harvested from a crop producing perennial.

ISSUE 6: Any tree that was planted prior to 1992 is ineligible for assistance under T.A.P.

Argument: This provision of assistance is regressive in that the producer who has more than 2 years of investment in a tree crop, prior to the loss, is excluded while someone with less than 2 years of investment in a tree crop receives assistance.....the smaller the loss the greater the assistance.

Remedy: Provide replacement assistance on all trees regardless of age.

ISSUE 7: Nursery trees do not qualify under T.A.P.

Argument: Nursery producers impacted by Hurricane Andrew were afforded coverage under the T.A.P.

Remedy: Allow nursery trees affected by the 1993 floods to qualify under T.A.P.

Iowa State Horticultural Society

Iowa Christmas Tree Growers Association

Iowa Nursery & Landscape Association

Iowa Fruit & Vegetable Growers Association

Society of Iowa Florists & Growers

For more information contact: Dan Cooper, State Horticulturist, (515) 281-5402



July 9, 1993

View of PBS Landscaping
Nursery of trees and plants.
Looking Southeast, showing
water just beginning to
infiltrate.



July 11, 1993

View looking Southeast -
showing water covering
nursery



Water receding

In evergreens, looking
N.W.



Deek's Green Thumb Nursery, Inc.

Flower & Garden Shop — Landscaping

3990 Blairs Ferry Road N.E.
Cedar Rapids, Iowa 52402

Telephone (319) 393-5565

November 24, 1993

Mr. Steve Phillips
Iowa State ASCS
10500 Buena Vista Court
Urbandale, Iowa 50322

Dear Mr. Phillips,

I wanted to follow-up on our telephone conversation yesterday. You know that I am very concerned about the rates that are set for nursery crops that were lost due to the flooding.

When we spoke about the rates, I talked at length about the huge difference in values of specific varieties of plants. For example, that it would be very unfair to our growers to lump together all trees, regardless of variety, that are two-inch trunk diameter into one price category. We talked about the price difference between silver maple and ginkgo, white pine and grafted varieties of blue spruce.

I understand that you do not have the background and should not be expected to have the expertise to appreciate the value of specific varieties of plants; therefore, I do not know if the examples that we discussed had any significant meaning. Perhaps I should have used cars as the example. You would never dream of putting the same price on a Ford Escort and a Lincoln Continental, even though both are automobiles, both are made by Ford, both may be red in color, or both may be sitting on the same dealer's lot. A very significant price difference exists between the two cars and the same is true with trees.

I am pleased that you have turned to Dr. Iles from Iowa State University to provide suggestions for the rates. While he is very knowledgeable, I believe that more than one person should be involved in establishing rates. That is why I requested that you send a copy of the proposed rates to me so that I can get some input from others who are directly involved in the nursery industry. I am also concerned that Dr. Iles has had only a week or two to develop the rates. There are many varieties of plants and many prices to survey in order to set accurate rates. This must not be done haphazardly.

I know you said that the rates must be sent to Washington, D.C. for





Green Thumb Nursery, Inc.
Flower & Garden Shop — Landscaping

3530 Blair's Ferry Road N.E.
 Cedar Rapids, Iowa 52402

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final approval and that if the growers are not satisfied with the rates that they may appeal. However, it seems more logical to allow comments before these rates are set in concrete in order to help prevent the hassle of appealing for both the growers and ASCS.

When I attended the Specialty Crops Subcommittee hearing on November 16th, one of the comments from USDA was that they worked with the nursery industry in developing the disaster assistance program. I am asking you to work with the Iowa nursery industry also. I understand that there is no provision that requires you to solicit in order for you to establish rates that are viewed as fair to all concerned.

I also hope that there will be some administrative changes or at least some clarifications made to the disaster assistance program for specialty crop growers as a result of that hearing and other meetings. While I realize that many growers are anxious to receive their payments, I encourage you to ask about any changes before finalizing everything.

Again, the horticultural crop producers request the opportunity to meet with Mr. Grau and you to discuss issues and concerns that our growers have in accessing disaster assistance. I appreciate the time you spent with me on the telephone and hope to hear back from you soon.

Sincerely,

Shirley Peckosh,
 Legislative Liaison
 Iowa Nursery & Landscape Association

cc: Mr. Espy
 Representative Rose
 Mr. Grau
 Senator Harkin
 Representative Nussle



TESTIMONY OF DAN COOPER
BEFORE THE UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON AGRICULTURE
Subcommittee on Speciality Crops and Natural Resources

November 16, 1993

Chairman Rose and Committee Members. I would like to thank you for this opportunity to testify before you on the flood devastation experienced by horticultural producers in Iowa during the past summer.

The floods were unprecedented in the Midwest this summer, as illustrated by Lan satellite imagery that coded Iowa the same as the Great Lakes. Our disaster did not come in one fell swoop nor did it affect only an isolated area. Every waterway and navigable stream repeatedly rose up out of its banks as unrelenting storms dumped as much as 6" of rain in an hour. Flood walls and levees, which have stood the test of time for decades, gave way under the unyielding pressure that was created from the long duration and force of the high waters.

For the past half century, it appears that the United States has been attempting to totally harness the variability of our waterways. These engineering efforts were thought to prevent stream meandering that eroded banks and altered land survey boundaries, and to prevent the sprawling effect of floods.

Agricultural lands, in addition to urban areas, were thought to be out of harms way because of the construction of flood control reservoirs and extensive levy systems. Iowa neither escaped this development trend nor the related false sense of security that it created. But mother nature has illustrated for us once again that man-made structures have their limitations, especially when dealing with something as catastrophic as a 500 year flood.

As can be noted on Attachment 'A,' Iowa's 1993 heavy rainfall began prior to spring planting and continued throughout the production season. In some cases it prevented planting altogether. Then there were crops that were planted but could not be harvested, as was the case with an estimated 8000 acres of Iowa sweet corn. Still in other cases the planting occurred but the crop was soon lost. An example is illustrated by the experiences of one of our vegetable producers who did get 10 acres of sweet bell pepper seedlings planted. Shortly thereafter an unprecedented rain totally wiped out his young crop. After the water dissipated, he went in and replanted again. Once again the rains came to wash away his efforts. It should be noted that his cost for a single planting of sweet bell peppers was \$6,000 per acre...the ten acre loss equaled a \$60,000 investment...and the double planting loss equalled \$120,000 on his sweet bell peppers alone.

When we compare the cost of horticultural production to the cost of traditional program crops it quickly becomes evident that an individual horticultural producer's per acre loss is staggering by comparison. Iowa State University Cooperative Extension estimates the average total cost of production on a single acre of field corn is \$307 if corn production follows a year of corn production.

The losses from the flood are even greater when addressing perennial horticultural crop issues. This would include such areas of production as apples, strawberries, Christmas trees, shrubs, ornamental trees, and sod. Under normal conditions perennial crops producers continually invest time and money over several years prior to ever realizing any return on their investment. A horticultural producer is well aware that not all perennial plants will survive from year to year, as such the producer plans accordingly by calculating in average mortality as a normal cost of doing business. However, the perennial crop losses from this summer's flood totally devastated entire acres of perennial plant materials that were at or close to marketable size or full crop bearing size. In some cases this involved 7 to 10 year old trees. The loss of a perennial crop is further compounded in that reestablishing lost size does not come easy. It takes an equal number of years, as that previously invested and without income, to attain the age of plant that was lost.

Another major issue facing horticultural producers, as a result of crop loss from the floods, is in regards to the long term damage to previously established markets. It takes years to establish a solid customer base and even one year without product to supply the market forces customers to go elsewhere. One single year of being out of the market can take years to overcome. This greatly contrasts with traditional grain crops, in which absence of an crop from a single producer in a given year goes virtually unnoticed.

Approximately three-fourths of all horticultural production in Iowa is marketed directly to consumers through farmers markets, roadside stands, and u-pick operations. This is due to the lower capital investments and lower operational cost required of these marketing approaches. This is essential due to the small size of Iowa's horticultural operations, most of which are small family farms, not large operations that can benefit from economies of scale. Therefore lower volumes rely on a higher per unit direct market price in order to allow an operation to have a positive cashflow.

Iowa's horticultural sector is relatively small by comparison to the state's traditional row cropping, but it has been the fastest growing segment of our agricultural industry since the early 80's. This growth can partially be attributed to the Farm Crisis and the desire of many to find new sources of income while maintaining some tie to the land.

Prior to the Farm Crisis of the early to mid-eighties, Iowa's crops were primarily made up of corn and soybean production. However, the farm crisis provided us with the realization of the vulnerability that resulted from our specialization. In bad times the devastating effects transcended from our individual farmers to the State as a whole. Individual producer efforts as well as statewide efforts have concentrated on establishing a diversified agricultural economy made up of enterprises that react differently in the marketplace. Our hope was to insulate ourselves from the devastation that can be created when market conditions become unfavorable for a given crop.

In this transition to diversification, many acres in Iowa, which were not conducive to row cropping, were diverted to horticultural enterprises. The benefits from this change have been two fold. First, it has taken environmentally sensitive land areas out of row cropping, and allowed the farmer the ability to pursue economically viable ventures, such as Christmas tree production. Secondly, it has enabled a producer to become actively involved in the marketing of his product, through understanding and satisfying consumer demand.

In 1989, the Agricultural Statistical Service conducted a survey to quantify the horticultural industry in Iowa. The findings indicated that sales of horticultural products had jumped from \$61 million to \$89 million between 1987 and 1989. Recent estimates set the annual value of Iowa's horticultural crops at well over \$100 million. I would estimate that we now have over 2,500 families relying on the income from these specialty crops either for their entire income or as a major component of their household earnings.

We have learned much over the last decade since the Farm Crisis, but unfortunately we underestimated the impact of nature and federal policy in determining success or failure.

Compared to major horticultural production regions in this country, Iowa's horticultural industry is small. It is nonetheless, extremely important to our state's economy. But due to its small scale, only a couple of horticultural crops in isolated areas of Iowa are eligible for Federal Crop Insurance. There are very few businesses that exist without universal access to insurance for minimizing the associated risks. Such should be afforded every horticultural producer in the country. However, until an adequate Federal Crop Insurance program or some viable alternative can be developed, it is essential that Disaster Assistance be made available to all producers in an equitable manner.

During the Drought of 1988, the Disaster Assistance Program was formulated by Congress and placed under the authority of the ASCS. Many of our horticultural producers were not familiar with ASCS and the Agency was not familiar at all with specialty crop production. Yet our producers were

appreciative of what became known as a little help. Now we find ourselves in the midst of an even greater disaster and it is no longer acceptable to have our specialty crop producers receive just a little help.

As we have grown to understand the methods utilized by the Agency, it is apparent that the assistance afforded traditional row crop producers should be extended to all growers. It should not have to be a battle, it should not have to be painful, it should only have to be equitable.

Most of the problems encountered appear only to have been a lack of understanding concerning the production and marketing of small scale horticultural crops.

It is evident the enormous issues that face Agency staff and many issues that cannot or should not be resolved at the local or state level. It is going to take assistance from Washington. It will also take an educational program for local ASCS staff and committees. They must gain not only an appreciation for these enterprises, they must gain a working knowledge of the production and marketing requirements of these crops. And most importantly it is not suitable for a standardized program format, or slight modification thereof, to be applied to absolutely every agricultural crop. Crops and cropping are not the same. There must become an appreciation of the uniqueness we find within our diverse agriculture.

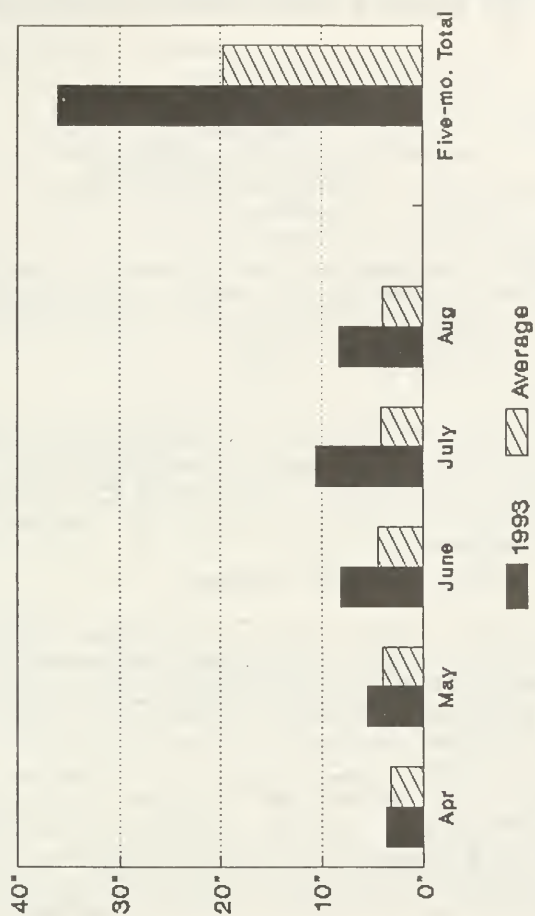
Recently, Dale Cochran, Iowa Secretary of Agriculture, called upon Secretary Espy and the Iowa Congressional Delegation to assist in finding solutions to the problems facing the horticultural growers. I can tell you now is the time to solve the problems and settle many issues that continue to come up any time a producer of an unfamiliar crop requests assistance. The changes being sought by Iowa's horticultural producers will help every producer of specialty crop in every corner of America.

The losses encountered this year as a result of the floods are much more severe than those experienced during the drought years. Securing assistance then was difficult. Changes are desperately needed and they are needed now.

I would like to thank you once again for the opportunity to speak today. And to thank you for any assistance that you might provide in overcoming the barriers that are facing our specialty crop producers.

(Attachment follows:)

1993 Iowa Precipitation Five-month Rainfall





AMERICAN ASSOCIATION OF NURSEYMEN

1250 I STREET, N.W. / SUITE 500 / WASHINGTON, D.C. 20005 / 202/789-2900

TESTIMONY
Before the
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON AGRICULTURE
SUBCOMMITTEE ON SPECIALTY CROPS AND NATURAL RESOURCES
November 16, 1993

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Mr. Chairman, and Members of the Subcommittee, the American Association of Nurserymen (AAN) welcomes this opportunity to present the nursery industry's views regarding the impact of the U.S. Department of Agriculture's (USDA) disaster assistance programs on nursery crop farmers.

BACKGROUND

Founded in 1875, AAN is the national trade organization of the nursery industry. We directly represent nearly 2,500 growers, landscape professionals, garden center retailers and horticultural distributors. Through the membership of our state and regional nursery and landscape associations, AAN represents an additional 16,000 family farms and small businesses in the nursery industry.

ECONOMIC STATURE OF NURSERY INDUSTRY

USDA's Economic Research Service (USDA-ERS) has estimated that grower cash receipts for nursery and greenhouse crops in 1992 were \$9.0 billion, representing nearly 11 percent of the total cash receipts for all U.S. farm crops. As a result, USDA-ERS now ranks nursery and greenhouse crops as the nation's sixth largest agricultural commodity -- ahead of such major crops as wheat, cotton and tobacco.

Of special interest to the Members of this Subcommittee is that USDA-ERS now ranks nursery and greenhouse crops among the top five commodities in 23 states, including North Carolina, Florida, California, Oklahoma and Texas. According to these same figures, nursery and greenhouse crops now rank in the top ten commodities in no fewer than 42 states, including Georgia, Kentucky, Virginia and Washington. Over the past decade, the value of grower cash receipts and retail sales of nursery and greenhouse products has expanded twice as fast as the gross national product.

This impressive industry record of growth becomes even more so when one considers that unlike other segments of agriculture, the nursery industry does not receive -- nor does it want -- any federal production subsidies or price supports. What we do want is for the unique nature of nursery crop production to be fully

recognized as part of agriculture and appropriately reflected in the eligibility criteria and overall administration of USDA's disaster assistance programs.

NURSERY CROP PRODUCTION

Nursery crop production is a unique segment of agriculture, but it is agriculture nonetheless. Unlike farming operations of many of the "major" commodities, most nursery crops are not harvested in the same year in which they are planted. Moreover, although they may be planted at the same time, not all such nursery crops are then harvested at the same time.

As with other agricultural crops, nursery stock is generally planted in rows -- either in the ground or in containers -- and is cultivated by farm equipment similarly used by other farmers. Most nursery farms grow hundreds of different varieties of plant species which often require individual attention, so the labor activity can be more intensive than other agricultural crops.

As an example of the unique nature of growing nursery plants, let's examine the production of ornamental evergreen trees. Some types of evergreens are first propagated from cuttings in a greenhouse. Others are propagated from seed. After several months in the greenhouse, the rooted cuttings (some of which may be sold to other nursery farms) are planted in beds, usually for two more years. These three-year old cuttings (some of which again may be sold to other nursery farms) are then transplanted in fields or in other containers and cultivated for as many as four or five additional years until the trees begin reaching various marketable sizes. As other examples, rhododendrons may be grown for four to six years or more before they reach marketable sizes, and landscape specimen shade trees may be grown for ten years or more.

Seldom does a nursery farmer sell an entire "crop" in any given year. For example, evergreens planted in the field at the same time will not contain trees of uniform size. This is due, in part, to each plant's individual rate of growth, or perhaps to variations in soil quality in different parts of the field. As a result, when a nursery grower receives an order from a retail garden center or a landscape firm for ornamental evergreens of a given size, the order may be filled out of several fields of trees of varying ages.

As with other agricultural commodities, nursery crops are subject to insects, pests, and diseases. Unlike most other agricultural crops, nursery plants are often shipped with soil attached. Since soil increases the likelihood of harboring pests, a variety

of federal and state certification and quarantine shipping requirements are imposed on nursery growers to prevent the spread of such pests to other agricultural crops even when such pests are not directly injurious to nursery plants.

THE FEDERAL CROP INSURANCE SYSTEM NEEDS TO BE OVERHAULED

Since many nursery crops often take several years in the field before they are ready for harvest, nursery farmers endure wide weather swings and patterns over a multi-year period. In any given year, nurserymen may lose farmgate sales of tens of millions of dollars in plant material destroyed by the vagaries of nature.

Nursery farmers traditionally absorb these losses and treat them as costs of conducting business. The weather patterns of freezes and droughts are often unpredictable. The toll is obviously heavier and more costly in some years than in others. As noted earlier, the nursery industry does not receive any federal production subsidies or price supports, and we desire as little government interference as possible. In turn, nursery farmers have historically not looked to the federal government for direct federal assistance.

Given the nursery industry's strong and continuing aversion to turning to the federal government for direct financial assistance, there is, nonetheless, an important mechanism by which the federal government can partner with the nursery industry. It is one in which the nursery industry, and the rest of agriculture, could pay its fair share. AAN recommends that the availability of federal crop insurance be broadened to all agricultural crops, and that its purchase by farmers be made more economical.

The availability of federal crop insurance to the nursery industry is severely limited. This is largely due to the often multi-year production periods for most nursery crops, as well as the tremendous diversity of nursery crops. Even in those limited instances where crop insurance is available to nursery farmers, the premiums are excessive and unaffordable. By universally broadening federal crop insurance to all agricultural crops, costs can be pooled and risks can be spread more effectively.

Current USDA disaster assistance programs can unintentionally reward marginal farmers who, if only they were to change some of their management practices, could mitigate or even avert some of their crop losses. By the same token, current USDA disaster programs are often off-limits to strong and innovative farmers

who make investments in their operations (such as implementing irrigation systems to combat droughts) in often successful efforts to minimize crop losses. Federal crop insurance premiums could reflect such investments and management practices.

Crop insurance would strengthen the financial position of the insured in dealing with freezes, droughts, and other reasonably anticipated and periodic weather swings and patterns. Crop insurance can act as collateral on loans, and lowers the risk factor enabling lenders to offer better terms or larger loans.

Universally broadening the federal crop insurance system to all agricultural crops, and making such more economical, would present potential budgetary savings. It would mitigate the need for Congress to continuously find itself year-in and year-out in a position of having to appropriate huge sums of federal dollars to USDA disaster assistance programs, which have often been outright grants to marginal agricultural producers.

AAN strongly urges Congress to explore the concept of universally broadening the availability of federal crop insurance to all agricultural producers for all crops, and making the premiums more economical. AAN recommends that an overhauled federal crop insurance system should cover reasonably anticipated weather swings and patterns (such as freezes and droughts) which damage or destroy agricultural crops. In so doing, USDA disaster assistance programs could then be revamped to help restore farmers' lost income due to catastrophic disasters, such as Hurricane Andrew or the severe Midwest floods, for which crop losses could not be averted no matter what precautions are implemented by farmers.

GUIDANCE TO USDA IS NECESSARY

AAN genuinely hopes and urges Congress to pursue an overhaul of the federal crop insurance system. However, until such is enacted, we urge Congress in the interim to provide the necessary guidance to USDA with respect to several provisions of the disaster assistance programs which work against the eligibility of nursery crops.

The Federal Crop Insurance Act of 1980 was designed to make crop insurance the primary form of disaster protection for farmers. The nursery industry had generally been ineligible for USDA disaster assistance until enactment of the Food, Agriculture, Conservation and Trade Act of 1990. The Act requires that disaster assistance be made available to producers of nonprogram crops, and, for the first time, defined nursery crops as nonprogram crops.

Since nursery crop eligibility is so recent, USDA has little experience in dealing with the uniqueness of producing nursery crops. This relative unfamiliarity is compounded by the resulting difficulty in implementing treatment of nursery crops under the disaster assistance programs.

YEAR OF CROP SALE/HARVEST PROVISION LIMITS NURSERY INDUSTRY ELIGIBILITY UNDER CROP LOSS DISASTER ASSISTANCE PROGRAM

Rules governing the crop loss disaster assistance program state that crops ineligible for disaster payments are crops not intended for sale or harvest in the year in which the disaster occurs. As noted above, unlike other agricultural commodities, many nursery crops have multi-year production periods.

What if a late-season hurricane was to hit the coasts of Florida and North Carolina today? In these two leading nursery production states, most nursery crops will neither be sold nor harvested by December 31, 1993. The current rules of the crop loss disaster program would preclude nursery growers affected by such a hurricane from eligibility for the crop loss disaster assistance program. Yet, if the crops are destroyed, no income can be derived regardless of when they may be intended for sale or harvest.

If the premise of crop loss disaster assistance is the restoration of income to farmers, then this crop sale/harvest limitation discriminates against eligibility of nursery farmers. AAN urges Congress and USDA to recognize the uniqueness of nursery crop production by amending the rules to provide nursery crop eligibility without regard to the year of crop sale or harvest.

RULES GOVERNING LOSS OF MARKET VALUE ARE INCONSISTENT

Rules governing the crop loss disaster assistance program states that to be eligible for disaster benefits, nursery crops must be dead. Injured, scarred or stunted plants, or plants delayed for harvest, are not eligible. Once again, the crop loss disaster program ignores the fact that such nursery crops are economically worthless.

A nursery grower cannot sell scarred, damaged or stunted nursery crops, such as ornamental trees, as there is no simply no retail or landscape market for such products. Moreover, appearances can sometimes yield misleading conclusions. While a tree or plant may appear to be alive to a USDA official inspecting for crop loss, the plant's root system may in fact be dead. In addition,

The provision requiring the use of production sales records for the three previous years as the basis for determining eligibility is unfair and restrictive to nursery farmers. AAN urges Congress and USDA to use total acreage in production as a more accurate factor in eligibility determinations.

TREE ASSISTANCE PROGRAM IS INCONSISTENT

The Tree Assistance Program (TAP) is a cost-share program that covers the costs of replanting, reseeding and repairing the commercial production of seedlings and trees. In the aftermath of Hurricane Andrew last year, TAP was expanded to also include orchard and nursery crops, including those in containers and those requiring several years of production prior to harvest or sale. Last year's availability of the TAP program was critical to nursery growers devastated by Hurricane Andrew.

Much to our consternation, AAN understands that nursery farmers devastated by the Midwest floods this year are ineligible to participate in TAP's cost share program. AAN urges Congress and USDA to eliminate this inconsistency by permanently extending the TAP program to cover field and container-grown nursery crops damaged by disasters.

GUIDELINES FOR ASSESSING VALUES OF NURSERY CROP LOSSES NEED TO BE CLARIFIED

It is not surprising that USDA has found it difficult at times to assess true values of nursery crop losses. First, many nursery crops require multi-year production periods, and these periods vary widely according to species, variety, growing conditions, management practices, and climate.

Second, there are literally tens of thousands of varieties of plants and trees. In fact, there are more than two thousand varieties of roses alone! The value of landscape specimen shade trees or evergreens have considerably higher market values than similar trees grown for forestry purposes. While we understand USDA has made attempts to group plants with like characteristics, we question whether such groupings truly reflect the diversity of nursery crops and lead to accurate valuations.

Third, as noted above, previous sales records may prove to be an inadequate basis for determining eligibility. Lastly, USDA has little experience with nursery crops, particularly with respect to crop loss disaster assistance.

All of these difficulties may lead to easily undervaluing the

many nursery crops may either be dormant at the time a disaster strikes or may minimally survive under stress for a period of time before finally succumbing. At best, a nursery farmer loses income for up to several years because recovery for these plants or trees may need such time before they ever reach the point where they are ready again for harvest and sale. At worst, when there are no prospects for salvageability of injured, scarred or stunted plants, a nursery farmer's income is totally lost -- even if there has been an investment of up to ten years or more in producing that species.

While the rules governing the Tree Assistance Program provide for disaster benefits if a crop's market value has been significantly reduced, such a provision is not incorporated into the crop loss disaster assistance program. Moreover, the application filing deadlines for disaster assistance are often premature with respect to nursery crops, particularly in the northern climes, where plant dormancy persists longer into the spring. In such instances, it may be difficult -- if not impossible -- to determine actual crop losses in the first six months of the year.

AAN urges Congress and USDA to amend the crop loss rules to allow for disaster assistance to cover injured, scarred or stunted plants whose market value is lost or substantially delayed. AAN also urges Congress and USDA to adjust application filing deadlines to reflect late dormancy periods for nursery crops, particularly in northern regions.

USE OF GROWER'S PREVIOUS THREE-YEAR SALES RECORDS AS BASIS FOR ELIGIBILITY DETERMINATION IS RESTRICTIVE

In determining eligibility for crop loss disaster assistance, USDA apparently reviews a grower's sales records for the past three years. While this makes initial sense, there are several drawbacks with respect to nursery crop production. Using year-to-year varietal production values is unfair due to the inconsistency of a nursery farmer's sales volumes.

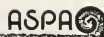
First, many growers do not sell the same volume of a plant variety from year to year. It is entirely possible that a nursery farmer may decide to forego selling his "crop" of azaleas, for example, in a particular year if demand is not present. Second, let's say a nursery farmer purchases additional land, puts this new acreage into production, and is ready to harvest from it for the first time when the disaster strikes. How does USDA factor in such crop values when no production sales records exist for this new acreage? Third, what happens if a nursery farm has only been in business for one or two years prior to the disaster? Would such a nursery grower be eligible at all?

costs of nursery crop losses, and, thereby result in denial of disaster assistance applications which should otherwise qualify. Therefore, AAN urges Congress and USDA to develop clearer guidance in the process of valuing nursery crop losses.

CONCLUSION

Mr. Chairman, AAN deeply appreciates this opportunity to share our concerns about the applicability of USDA's disaster assistance programs to the nursery industry. We hope Congress will work to overhaul the federal crop insurance system by universally broadening its availability to all agricultural crops, including nursery plants and trees, and by making its purchase by farmers more economical. AAN would urge that crop insurance premiums reflect the investments and management practices made by strong and innovative farmers to mitigate their crop losses. By overhauling the federal crop insurance system, USDA disaster assistance programs could be revamped to help restore farmers' lost income due to truly catastrophic disasters, for which crop losses could not be averted no matter what precautions are implemented by farmers.

In the interim, AAN is happy to work with you, the Members of this Subcommittee, and USDA to make the disaster assistance programs more equitable and available to nursery farmers as outlined herein. Thank you.



AMERICAN SOD PRODUCERS ASSOCIATION

An International Organization Dedicated to Advancement of the Turfgrass Sod Industry

STATEMENT OF AMERICAN SOD PRODUCERS ASSOCIATION TO THE HOUSE SUBCOMMITTEE ON SPECIALTY CROPS AND NATURAL RESOURCES REGARDING THE AVAILABILITY OF DISASTER RELIEF FOR SPECIALTY CROPS

Presented by Douglas H. Fender
Executive Director

American Sod Producers Association

November 16, 1993

Mr. Chairman and members of the Subcommittee, my name is Douglas H. Fender and I am the Executive Director of the American Sod Producers Association. We appreciate the opportunity to submit a statement regarding the availability of disaster assistance for specialty crops like turfgrass sod.

The American Sod Producers Association (ASPA) is a 26-year-old, not-for-profit association with members in 49 states in the United States, Canada and 25 other countries. ASPA consists of over 600 turfgrass sod farm operations that produce approximately 80 percent of the acreage sold each year in the U.S. ASPA represents its members on federal issues of importance. Disaster relief assistance is of significant concern to ASPA's membership.

Turfgrass sod farmers, like those producing nursery and other specialty crops, often face challenges that other, more traditional, types of agricultural commodities do not. Although turfgrass sod is considered an agricultural commodity under many federal and state laws,¹ it is sometimes inappropriately exclude from federal benefits afforded other agricultural commodities. This is often a result of oversight or lack of knowledge about turfgrass sod's production and harvest characteristics.²

¹ The Departments of Agriculture, Labor, Treasury and Commerce as well as the Environmental Protection Agency, all have laws and regulations that define and treat turfgrass sod farming as a traditional agricultural activity.

² As discussed in this statement, disaster assistance is a prime example of the different treatment turfgrass can encounter in a regulatory context. Another example involves the wetlands issue. Under the Swampbuster program, producers of annual program crops lose payments from USDA if

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Because turfgrass sod is typically not considered a traditional "food or fiber" agricultural commodity, it is important for the Subcommittee to understand that turfgrass production is in fact a traditional agricultural activity. It is produced, cultivated and harvested in much the same manner as other traditional agricultural commodities. For example, its production requires careful selection of quality grass seeds free from contaminants. Turfgrass sod must be produced in a specially prepared field and provided with high levels of day-to-day management to yield a high-quality end product. The harvesting methods require specialized techniques to prepare the product for market. These steps involve a high degree of intensive management. As a result, ASPA believes that turfgrass sod farmers should have the same access to federal disaster relief benefits that other agricultural producers are currently eligible to receive.

Turfgrass sod has in the past been excluded by USDA from eligibility for disaster assistance relief under its various programs. This was in part because turfgrass sod was not considered "food or fiber," - more traditional agricultural concepts. This reflects the general difficulty USDA has had in trying to properly establish the eligibility of our farms for assistance. Part of the problem was the lack of specific legislative language or regulatory guidelines which would enable USDA officials to make timely decisions affecting turfgrass sod producers.

Section 2244 of P.L. 101-624 (1990 Farm Bill) took an important step in trying to resolve the uncertainty in the context of disaster relief. It included turf among the non - "food or fiber" crops determined to be eligible for disaster crop loss assistance. The 1993 disaster relief provisions necessitated by the floods in the midwestern U.S. also adopted this definition.

Because turfgrass was only recently included within the definition of crops eligible for disaster assistance, USDA officials are having difficulty implementing treatment under its disaster relief programs. The recent midwestern floods illustrate the problem. Two of the major problems that ASCS officials have in processing claims for disaster assistance are in determining when there is a crop loss and secondly in assessing the value of the crop loss. While ASCS officials can readily determine when a field of corn or soybeans has been damaged or destroyed and they can readily determine the average value of such commodity during preceding years, this process is more difficult for perennial crops such as turfgrass sod.

they convert wetlands into cropland after 1985. In defining what is prior converted cropland for purposes of the Clean Water Act, the Army Corps of Engineers borrowed the Swampbuster definition of "agriculture" which is limited to annual crops governed by the Swampbuster program. As a perennial crop, turfgrass sod, along with all other perennials, was arbitrarily denied prior converted cropland status. This was not the result of a rational policy decision or activity. It was a result of confusion and lack of knowledge by the Corps of Engineers about the scope of the definition of agriculture.

For example, turfgrass sod farms were damaged during the recent midwestern floods. However, USDA's PAD manual governing loss determinations indicates that turfgrass must be dead to qualify for disaster assistance.³ Yet, turfgrass can be rendered economically worthless by a flood or other natural disaster without being technically dead. A grower may have to plow-up a field of turfgrass and replant and treat it after a disaster even though it is not dead. This not only results in a significant loss from being unable to harvest and sell the crop, but requires the additional costs of having to replant it.

If a field of turfgrass is not rendered totally worthless, its harvest may be delayed a considerable time until it is able to recover from the ravages that flooding or drought imposes upon it. This creates extreme hardship for a turfgrass sod farmer who loses income from his inability to sell his crop at the intended time.

ASCS officials also have a difficult time in determining the value of turfgrass sod damaged by a disaster. This is in part because it is not sold like annual or other typical agricultural crops. Turfgrass sod takes over a year to produce for market and can be carried unharvested over a considerable period of time before it is sold. Thus, ASCS officials are finding it more difficult to assess its value and approve relief assistance.

The value of an acre of turfgrass is among the highest of all commodities because of the extensive in-put requirements to produce a high quality sod product. While row crops may have \$150 per acre production in-put costs, a sod field will typically have in-put production costs of \$1,500 to \$2,500 per acre. The value of turfgrass sod fields exceeds that of traditional crops; however, ASCS has so little experience with our commodity that it can easily undervalue the cost of the lost turfgrass acreage.

As noted, these problems have surfaced in the recent disasters. For example, one of ASPA's members in Minnesota applied for relief assistance in the Spring of 1993 and to this day has been unable to obtain assistance. The farmer in question operates a turfgrass sod operation damaged in a natural disaster. His farm has been determined to be eligible for relief assistance. However, the state ASCS office has been unable to calculate a rate and yield for his sod farm. As a consequence, the local ASCS cannot process his disaster assistance application any further. Something needs to be done to facilitate the processing and decision-making on sod farms determined to be eligible for assistance.

Another example involves ASPA members who farm in Missouri and Illinois affected by the recent floods who suffered significant losses but cannot recover any disaster relief. In that case, USDA's eligibility requirements imposed an unreasonable impediment to relief. The case in question involved three brothers each owning a turfgrass sod farm but jointly held in a corporate form. Although all of their farms, located in four counties of two states, suffered substantial losses from the flood estimated at \$4.7 million, they could not

³ Department of Agriculture, Eligible Crops, 1-PAD (Rev.2) Amend.6, 1-9-92.

qualify for disaster relief because the income from all the farms was consolidated so that it exceeded \$2 million gross sales eligibility threshold. Fairness dictates exceptions should exist for such circumstances.

Had the Missouri and Illinois farmers been eligible for assistance, they were informed by ASCS that they would have had to sign an agreement to purchase crop insurance or never be eligible for disaster relief again. The problem with this requirement is that to our knowledge, crop insurance is not available for turfgrass sod.

Because ASCS officials are unfamiliar with turfgrass sod farming and know little about the business they must turn to manuals and regulations for guidance when confronted by an unusual problem. If ASCS disaster eligibility manuals are silent or unclear about whether turfgrass sod is entitled to the same benefits as other agricultural products, then farmers who deserve disaster relief assistance may be unfairly excluded from help.

As the Subcommittee examines the operation of USDA's disaster relief programs, we request that it keep in mind the many similarities turfgrass sod has with traditional agricultural crops, as well as the special characteristics that require the attention of USDA during natural disasters that affect it.

We ask that turfgrass sod farms be allowed to participate in federal disaster relief assistance programs in the same fashion as other agricultural products and that USDA be given the necessary guidance to achieve that end.

Among the issues we hope the Subcommittee can direct the USDA to address regarding turfgrass sod farm are the following:

1. Guidance to USDA regarding the adverse effects of crop losses or harvesting delays that subject turfgrass sod farmers to losses without requiring proof that the field is dead;
2. Guidance regarding valuation of economic loss of turfgrass sod;
3. Elimination of needless impediments to eligibility for disaster relief where economic loss can be demonstrated; and
4. Reconciliation of the conflicts between disaster eligibility rules and availability of crop insurance for crops like turfgrass sod which are excluded from crop insurance eligibility.

None of these comments are intended to be critical of USDA. We recognize that the Department has not had much experience dealing with turfgrass sod in natural disasters. Generally, ASCS and other Department officials attempt to be helpful, they simply need further guidance. We hope the Subcommittee, through these hearings, will be able to provide such direction.

**STATEMENT OF THE AMERICAN FARM BUREAU FEDERATION
TO THE HOUSE AGRICULTURE SUBCOMMITTEE ON
SPECIALTY CROPS AND NATURAL RESOURCES,
REGARDING DISASTER ASSISTANCE
FOR SPECIALTY CROPS**

November 16, 1993

The American Farm Bureau Federation, representing over four million member families in the United States and Puerto Rico, appreciates the opportunity to provide comments on disaster assistance for specialty crops.

The recent disasters which have affected specialty crop growers, including Hurricanes Andrew and Iniki and the flood and drought of 1993, highlight the need to address the subject of comprehensive reform of both crop insurance and disaster relief. In the aftermath of these disasters, it became abundantly clear that disaster assistance and federal crop insurance fail to accurately define and resolve the level and intensity of damage caused to specialty crops by natural disasters.

While the Specialty Crops and Natural Resources Subcommittee is only examining disaster assistance for specialty crops, we encourage the subcommittee and the full House Agriculture Committee to examine the effectiveness of both crop insurance and disaster assistance for all crops. Farm Bureau policy on disaster assistance and crop insurance is clear and specific:

"We support the elimination of all agricultural crop-specific federal disaster programs in favor of federal or private crop insurance programs. The crop insurance program should be administered and reinsured by the Federal Crop Insurance Corporation. Programs should be marketed through the private insurance industry and must be actuarially sound."

Our comments reflect a number of reasons why Farm Bureau members across the country feel that this is important for specialty crops. The need for fundamental change is embodied in some of the problems encountered by specialty crop growers when they have had to rely upon disaster assistance or federal crop insurance.

The effectiveness of federal crop insurance for specialty crops varies widely between crops, states and regions. For some specialty crops, such as raisins and tomatoes in California, crop insurance does provide appropriate protection when losses occur. For other specialty crops, crop insurance has never provided meaningful and consistent relief.

There are a number of reasons for this inability to address the needs of specialty crop growers. ASCS offices in a majority of counties across the country are unfamiliar with resolving claims for specialty crops. Often they underestimate the damage which leads to undercompensation for losses. We readily acknowledge, however, that most ASCS offices

lack reliable information on yields for specialty crops. For example, it is not uncommon for producers of specialty crops to grow five or more crops, using crop rotations of five years and more on a single tract of farmland. Consequently, it is difficult for ASCS to establish a reliable yield for a specific crop on limited data. Most specialty growers, noting the difficulty in establishing yields and collecting when crop losses occur, simply choose to farm without crop insurance. In some cases, specialty growers have no reason to visit local ASCS offices and, as a result, are unfamiliar with how federal crop insurance works or that it is even available for the crops they grow.

Because of the ineffectiveness of crop insurance, specialty growers have tended to rely on disaster assistance for crop losses. While disaster assistance has kept farmers in business after recent disasters, farmers don't like to rely on federal payments that are authorized only if political conditions warrant a legislative response to devastating agricultural losses. In addition, disaster assistance usually only covers a small portion of a farmer's losses. Furthermore, disaster assistance provisions have frequently been written with insufficient flexibility to address the unique circumstances that apply to specialty crops circumstances. In recent disasters, growers in Arizona, Hawaii and other states found it difficult to qualify for disaster assistance because of provisions specifying calendar year production that did not coincide with actual crop harvesting timetables.

Specialty crops are also different from major program crops in that disaster assistance usually only covers the loss of the crop. While that sometimes works for annual specialty crops, perennial crops are not afforded the same quality of protection. For example, following the freeze in 1989 and Hurricane Andrew, citrus growers in Florida sought relief through disaster assistance and the Tree Assistance Program (TAP). Disaster assistance did not cover a farmer's long-term costs to replace and replant trees. While TAP provided some funds, it covered only a fraction of those total costs and did not provide enough funds to cover the long-term costs that are needed to return a farmer to the same level of production prior to the death of a tree. Texas citrus growers benefitted from a private tree insurance program following the devastating freezes in 1989 that could be a model for future protection of perennial crops.

Farm Bureau believes that many of the problems associated with disaster assistance can be eliminated through a restructured crop insurance and disaster assistance plan.

Farm Bureau policy supports the following specifics to reform disaster assistance and crop insurance:

"Crop disaster programs and crop insurance should be combined into a single program and designed to obtain the greatest amount of participation. The restructured crop insurance plan should provide coverage based upon dollars per acre. Each participant could assess their liability and purchase the amount of insurance necessary to provide desired coverage. A deductible should be included to reduce premium costs and stop nuisance claims. The program

— 3 —

would then be simpler to administer and participation would be encouraged. The program must be flexible to provide producers an opportunity to develop a program that meets specific needs. The program should be available to producers of all agricultural commodities. Participation must be voluntary."

This is not the first time Farm Bureau has approached Congress over revamping our nation's risk management program for farmers. We understand that what is outlined here are broad goals. However, we are willing to work with Congress to provide needed specifics to reinvent crop insurance and disaster assistance.

We are hopeful that the disasters of the past several years will encourage everyone in agriculture to work towards revamping how crop losses are resolved. The very nature of farming, with its dependence on weather, heightens the need for change. Farmers want a program they can trust and rely upon when circumstances beyond their control affect their ability to produce a crop.

Thank you for the opportunity to comment.

STATEMENT
OF
BEN ROMING
MULESHOE, TEXAS

BEFORE
THE SUBCOMMITTEE ON SPECIALTY CROPS AND NATURAL RESOURCES
NOVEMBER 16, 1993

DISASTER ASSISTANCE PROGRAMS FOR SPECIALTY CROPS

Mr. Chairman and Members of the Subcommittee, I am Ben Roming of Muleshoe, Bailey County, Texas. I deeply appreciate your giving me the opportunity to submit to you my comments on the disaster payments program for specialty crops.

I farm in the High Plains area of West Texas. The High Plains region actually extends into eastern New Mexico. The land in the High Plains has productive soil but, because of relatively low average rainfall, much of the land (including mine) is irrigated. With irrigation, in normal years farmers in this area can produce good yields.

Over a decade ago, I was a producer of cotton, wheat, and other "program" crops, but decided to switch to vegetable and specialty crops. I did this because many of the "program" crops I had been producing were in surplus supply, and the USDA Extension Service encouraged the switch. By doing so, I could take better advantage of my irrigation water and our sunny and warm growing season in the High Plains. Since then, I have become a moderate-sized producer of pumpkin and sweet corn, as well as other specialty crops.

I was not the only farmer in my county and surrounding counties to get into vegetable and specialty crop production; many, many others have over the course of years. Now, the High Plains is known for its high quality vegetable and melon production.

My concern about the USDA disaster payments program is not that the program shouldn't be there--just the opposite, because vegetable producers like me cannot get crop insurance on our crops, we need the protection offered by the disaster payments program to cover the relatively high input and harvest costs involved with vegetable and specialty crop production.

I have tried for years to get crop insurance on my pumpkin crop, but as of yet have not been able to get coverage extended to Bailey County. I am determined to keep trying, because I believe crop insurance is a necessary and valuable element of a sound farming operation.

I would urge the Subcommittee to ask USDA to intensify its efforts to develop crop insurance packages for vegetable and specialty crop producers in the High Plains.

The main point I wish to make today, however, concerns the way that disaster yields are assigned by ASCS for nonprogram crops under the disaster payments program. In short, the assigned yields are inconsistent and inequitable. As a result, even though the program is designed to benefit farmers, it has bred a lot of discontent and dissatisfaction among farmers in my area.

USDA handbook rules require ASCS to set the assigned yields on a state-by-state basis if county yields have not been established. The problem I want to comment on is the way the statewide assigned yields in Texas have been established.

It is relatively easy to establish county yields for program crops as ASCS has so much data on program crop production. However, with specialty crops, the historical data aren't there since ASCS has never had reason prior to implementation of the disaster payments program to keep records on such production. Therefore, ASCS has had to fall back on estimates of statewide yields and "assign" yields on a state-by-state basis; and that is where the problem started for us specialty crop producers in the High Plains of Texas.

The Texas ASCS state office, when it assigned disaster yields for the specialty crops several years ago, arbitrarily used "blended yields" that attempted to combine dryland and irrigated yields.

First of all, none of the vegetable or specialty crop production in the Texas High Plains is dryland production--it is all irrigated. That right there means that all the producers in this region of several thousand square miles are being deprived of a fair yield for their cultural practices.

Second, it makes little common sense, I believe, to lump together irrigated and dryland yields and apply the resulting average to everyone. Clearly, such an "average" assigned yield is unfairly high for dryland producers and unfairly low for irrigated producers.

Perhaps the worst result of the way vegetable yields were established in Texas using "blended yields" is that there is an unacceptable disparity between Texas assigned yields and New Mexico assigned yields in the High Plains area. As I said earlier, the High Plains growing area overlaps both Texas and New Mexico. The state line down the middle is just an arbitrary line on a map. However, the two state ASCS offices clearly did not coordinate the setting of vegetable disaster yields for the High Plains in recognition of this fact. No, the two states' assigned yields are not even close to being similar.

A good example here is pumpkins. I know of fields in my area used to produce pumpkins that are just a couple of miles apart and essentially the same type of land--as to soil type, climate, water, and so on. However, one field is in New Mexico and the other just down the road in Texas. That New Mexico land last year had an assigned disaster yield of 40,000 pounds of pumpkins per acre, while the Texas "blended yield" was 20,000 pounds per acre. As a result of this 100 percent disparity, those farmers with pumpkin fields in both states (and I know of at least one) got disaster payments of a several hundred dollars per acre in New Mexico, but were not even eligible for any payments at all in Texas, even though it is the same disaster and essentially the same amount of loss in both!



Further, I have checked other states surrounding Texas and found that the assigned yields for pumpkins in them are similarly inconsistent. For example, Arkansas, like New Mexico, has a much higher per-acre yield than Texas.

This inconsistency in ASCS statewide assigned yields for specialty crops doesn't make sense to me. And, I have talked to other farmers in my area and they are having the same problem in accepting this part of the program. Of course, because the Texas assigned yields are so much lower, we feel we are getting the short end of the stick.

Thus, I would respectfully request that the Subcommittee work with USDA to address the problem of Texas "blended yields" for vegetables and specialty crops, and encourage USDA to develop a method to coordinate their establishment of statewide yields for vegetables.



California Farm Bureau Federation

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Mr. Chairman, my name is Bob L. Vice, and I am President of the California Farm Bureau Federation (CFBF). Thank you for seeking public input regarding the Agriculture Department's disaster assistance programs for specialty crops.

As you know, specialty crops are the bread and butter of California agriculture. We produce over 250 commodities throughout the state, mostly "specialty" crops, and no one commodity is dominant. That being the case, we have a special perspective on the topic at hand.

First of all, in general, we believe that natural disaster relief for farmers (regardless of crop produced) should be available at the same level as is available to all other disaster victims. For example, victims of the recent Hurricanes (Andrew and Iniki) and of the flood of 1993 came from all walks of life, including agriculture. Farmers and ranchers impacted by those natural disasters deserve the same level of relief as everyone else.

Regarding disaster assistance for specialty crops, we point out that it would not be necessary to even discuss it if there were in place a viable multi-peril insurance program for all agricultural production in all parts of the United States and Puerto Rico. This should be the eventual goal. If we are to achieve it, we must recognize that it will require the eventual elimination of disaster programs for agriculture. If agricultural disaster programs are not eliminated, there will be no incentive for the thousands of producers who currently choose not to purchase crop insurance to ever purchase it.

For the near term, however, it is clear that we will not have a crop insurance program for all commodities in all areas of the country. How can disaster assistance be made to better fill the void, particularly for specialty crop producers?

The need for more flexibility is the primary ingredient. With literally hundreds of specialty crops grown throughout the nation, it is unrealistic for Congress to expect to pass disaster legislation that addresses the specific and detailed needs of every crop that might be impacted.

For example, some commodities do not actually demonstrate a loss of yield until the calendar year following the year a disaster actually takes place. Yet some producers have actually been denied relief because of this. Also, oftentimes a grower's loss is more of a quality nature than of quantity nature. While the loss is just as acute on the grower's bottom line, the ability of the disaster program to compensate that grower is questionable.

Disaster assistance programs should also recognize that a grower's loss can extend beyond the crop. The 1990 freeze in California exemplifies this very well, when we lost millions of dollars worth of citrus trees. In general, growers received little if any assistance for that type of loss.

While our comments on improving the disaster program have been brief, we hope that our suggestion to improve the crop insurance program is taken strongly to heart. We would like to see a restructured crop insurance plan that provides coverage based on dollars per acre, so that each participant could assess the liability and purchase the amount necessary to provide desired coverage. When that day arrives for producers of all agricultural commodities, we will be glad to bid agricultural disaster programs goodbye forever.

Thank you for considering these comments.



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